



PRESCRIPTION FOR PENNSYLVANIA

Right **State** | Right **Plan** | Right **Now**

JANUARY 2007

Prescription for Pennsylvania is a set of integrated practical strategies for improving the health care of all Pennsylvanians, making the health care system more efficient and containing its cost.



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COMMONWEALTH OF PENNSYLVANIA
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THE GOVERNOR

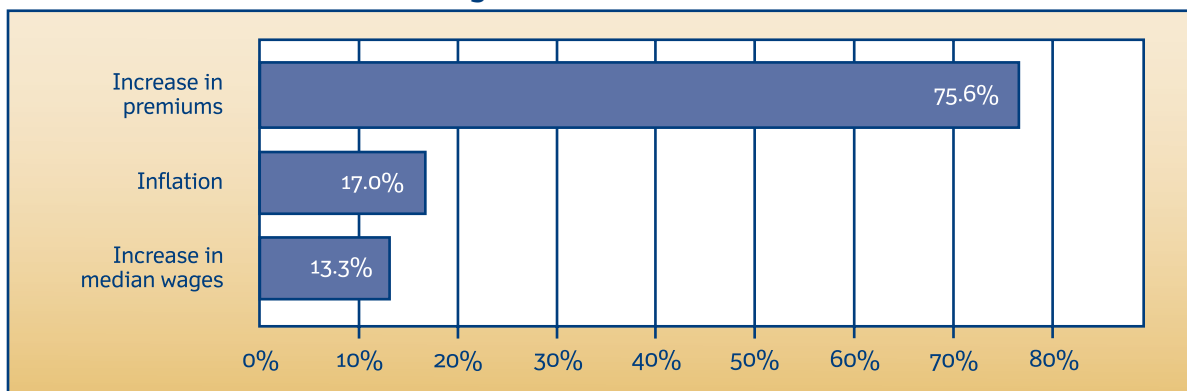
January 2007

A Message from Governor Edward G. Rendell

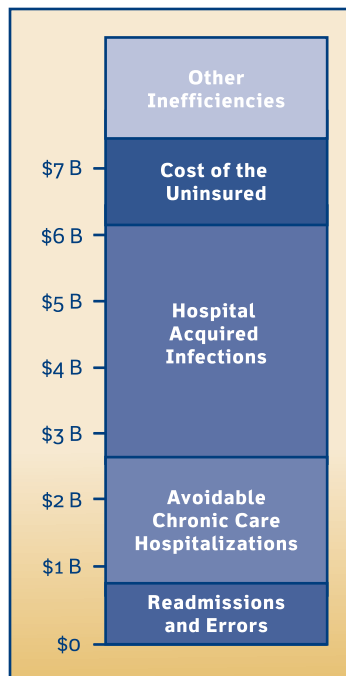
Over the past four years, with bipartisan support, we've successfully expanded our PACE pharmaceutical assistance program for seniors, we've begun to retool our long-term living system and we've opened our CHIP health insurance program to Cover All Kids. Now, it's time to Cover All Pennsylvanians and comprehensively reform and repair our broken health care system with an aggressive Prescription for Pennsylvania.

The two charts below tell the powerful story of why we can't afford to wait to address the health care crisis facing our Commonwealth.

**Percent Increase in Family Health Insurance Premiums vs. Inflation
and Median Wages in PA Between 2000 and 2006**



Since 2000, the cost of family health insurance premiums has increased nearly 76 percent, while the increase in wages has increased just more than 13 percent. During the same timeframe, inflation has grown 17 percent. If health care costs continue to rise at six times the rate of inflation or wages, the health care system in Pennsylvania as we know it will disappear. The problem is evident and affects every Pennsylvanian, every Pennsylvania business and every Pennsylvania taxpayer.



There are 767,000 uninsured adults in Pennsylvania and just because they are uninsured doesn't mean they don't get sick and need health care services. Unfortunately, they often receive those services in very expensive emergency rooms because they have nowhere else to turn. Ultimately, we all pay for those services and it drives up the cost of health insurance for everyone. In fact, 6.5 percent of every Pennsylvanian's health insurance premium goes toward covering the cost of the uninsured.

In addition, charges in 2005 for services resulting from unnecessary and avoidable health care costs, including hospital-acquired infections, medical errors and avoidable hospitalizations for chronic disease totaled \$7.6 billion.

The Prescription for Pennsylvania is a set of integrated, achievable, practical strategies focused on driving down costs, providing access to universal coverage, improving the quality of health care and driving down the inefficiencies of the health care system.

Its many initiatives will drive major costs out of the system, while improving efficiency of delivery of services and quality. These are proven private sector approaches modeled on proven private sector solutions for cost containment and quality improvement. Both employers and individuals will benefit.

At the same time, Rx for PA provides private sector access to affordable health insurance for the uninsured through Cover All Pennsylvanians (CAP). But that alone will not affect the cost of health care for the remaining 11.6 million Pennsylvanians. That's why CAP is only one piece of the Prescription for Pennsylvania. And that's why the entire plan must be adopted.

Prescription for Pennsylvania puts forward common sense, workable initiatives that people are demanding. By pursuing this realistic and achievable private-sector plan, we can save billions of dollars. More importantly, we can give our working families a brighter and healthier future.

The cost of inaction is far too great.

EXECUTIVE SUMMARY

JANUARY 2007

Rx for Pennsylvania

THE HEALTH CARE CRISIS IS A NATIONAL PROBLEM, BUT WE CAN AND MUST TAKE RESPONSIBILITY FOR A PENNSYLVANIA SOLUTION.

To increase the competitiveness of Pennsylvania businesses and the health and well-being of our residents, we need a “**Prescription for Pennsylvania**” that expands access to affordable health care coverage, improves the quality of care our residents receive and gets health care costs under control for employers and employees.

THE COST OF INACTION IS FAR GREATER THAN WHAT IT WILL TAKE TO IMPROVE HEALTH CARE FOR PENNSYLVANIANS. Charges for uncompensated care for the uninsured, additional days of hospital care due to potentially avoidable hospital-acquired infections, certain medical errors, readmissions for complications and infections and avoidable hospitalizations due to inadequate care for patients with chronic diseases total **\$7.6 billion per year**. And there are other major cost drivers such as excessive use of emergency rooms for non-emergency care and lack of control over duplicative, expensive capital expenditures. Much of this is paid for through higher health insurance premiums by Pennsylvanians and Pennsylvania businesses.

OUR HEALTH CARE SYSTEM IS BROKEN AND PENNSYLVANIA'S FAMILIES AND BUSINESSES ARE SUFFERING THE CONSEQUENCES. 767,000 Pennsylvania adults are forced to go without health insurance. For those who are covered, the cost of health care is rising far faster than wages. And despite the United States spending more on health care than all other developed countries and even with the extraordinary skills of Pennsylvania's health care providers, residents of Pennsylvania are not consistently getting the quality of care they deserve.

Prescription for Pennsylvania is a set of integrated, practical strategies for improving health care and containing costs for all Pennsylvanians. The core components are affordability, accessibility and quality.



Rx for Pennsylvania

PRESCRIPTION FOR PENNSYLVANIA IS A REALISTIC PLAN FOR MEETING OUR URGENT NEEDS BY -

■ PROVIDING ACCESS TO AFFORDABLE HEALTH CARE COVERAGE TO EVERY PENNSYLVANIAN.

Cover All Pennsylvanians (CAP) will make affordable basic health insurance available to eligible small businesses that do not presently offer health insurance to their employees and to the uninsured. This coverage will be offered through the private insurance market. In addition, more effective regulation of the insurance industry will ensure that small businesses and other consumers are not faced with skyrocketing costs for their health care coverage.

■ EXPANDING ACCESS TO HEALTH CARE IN APPROPRIATE SETTINGS FOR THE BEST COST.

Prescription for Pennsylvania will make more health care providers available to Pennsylvanians by enabling nurses, dental hygienists and other licensed health care providers to practice to the fullest extent of their education and training. With Pennsylvanians 11% more likely than the average American to go to the emergency room – often because they do not know where else to go for their primary health care needs – the plan will promote non-emergency settings for non-emergency care. The Prescription will increase the number of care centers in shortage areas and promote incentives for health care providers who offer services in the evenings and on weekends.

■ IMPROVING QUALITY BY DELIVERING THE RIGHT CARE, RIGHT, THE FIRST TIME AND PROMOTING WELLNESS – STRATEGIES THAT SAVE MONEY WHILE THEY IMPROVE LIVES.

Real reform requires everyone in the health care system to be accountable, including consumers, hospitals and health care providers. Prescription for Pennsylvania will focus on patient safety by eliminating hospital-acquired infections – saving thousands of lives and billions of dollars each year – and targeting avoidable medical errors. The Prescription will promote a payment system that rewards wellness and does not pay for unnecessary or ineffective medical services. The plan will also improve the care received by the many Pennsylvanians suffering from chronic conditions such as heart disease, diabetes and asthma. And to help all Pennsylvanians stay healthy, the plan will support consumer incentives that reward healthy lifestyles.



PRESCRIPTION FOR PENNSYLVANIA

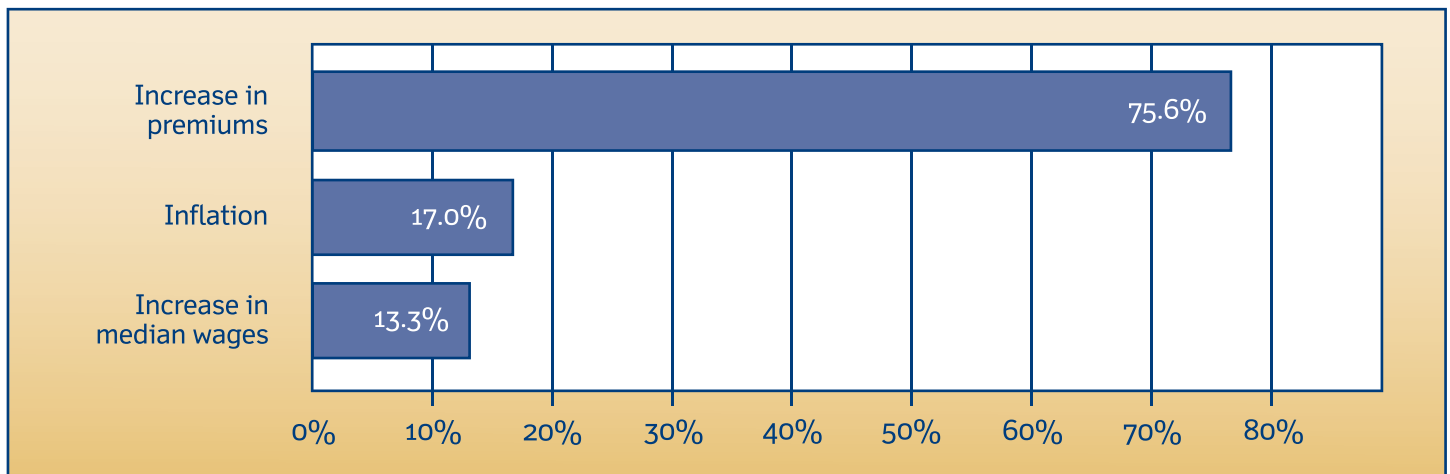
Right **State** | Right **Plan** | Right **Now**

Rx for **Affordability**

PRESCRIPTION FOR PENNSYLVANIA PROVIDES THAT UNINSURED PENNSYLVANIANS WILL HAVE ACCESS TO AFFORDABLE HEALTH INSURANCE.

For 767,000 uninsured Pennsylvania adults, Prescription for Pennsylvania means having the confidence that a sudden illness will not lead to unnecessary personal suffering and bankruptcy. And for the businesses and individuals who are struggling to make ends meet while continuing to pay their insurance premiums, Prescription for Pennsylvania will provide urgently needed reforms to control skyrocketing health care costs.

Percent Increase in Family Health Insurance Premiums vs. Inflation and Median Wages in PA Between 2000 and 2006



COVER ALL PENNSYLVANIANS (CAP) WILL ENSURE THAT UNINSURED RESIDENTS HAVE ACCESS TO AFFORDABLE HEALTH CARE COVERAGE.

WHO ARE THE UNINSURED?

71% of the uninsured in Pennsylvania are **EMPLOYED**

77% **EARN LESS** than **300%** of the 2006 federal poverty level. In Pennsylvania that's **\$29,400** for an individual and **\$60,000** for a family of four

27% have been **WITHOUT** insurance for at least **5 YEARS**

MAKING SURE THAT EVERY FAMILY CAN AFFORD HEALTH INSURANCE IS A MORAL IMPERATIVE – AND IT'S ALSO ECONOMIC COMMON SENSE. When people are uninsured, the public ends up paying the bill through higher health insurance premiums and increased taxes. An estimated 6.5% of insurance premiums go to cover the costs of care for the uninsured, and every Pennsylvanian with insurance ends up paying for this care.



Rx for **Affordability**

PRESCRIPTION FOR PENNSYLVANIA PROVIDES ACCESS TO AFFORDABLE HEALTH CARE COVERAGE TO PENNSYLVANIANS BY -

■ **LAUNCHING COVER ALL PENNSYLVANIANS TO OFFER AFFORDABLE HEALTH INSURANCE TO ELIGIBLE SMALL BUSINESSES AND THE UNINSURED.**

Cover All Pennsylvanians focuses on the people and small businesses that need help the most. The vast majority of Pennsylvania's uninsured adults are employed, and most of the working uninsured have full-time jobs. Most earn low wages, are employed by small businesses and do not have access to health insurance because of the high cost for both businesses and individuals. Cover All Pennsylvanians will be supported by the state and offered through private insurance companies.

Employers can participate if they have 50 or fewer employees and if, on average, these employees earn less than the state average wage. Employers who choose to join CAP will pay approximately \$130 per employee per month, and each employee will pay a premium of \$10 to \$70 per month depending on family income.

All uninsured Pennsylvanians – no matter what size company they work for – will be able to purchase affordable health insurance through CAP. A family of four who earns up to \$60,000 a year will receive help from the state paying their premiums, and all uninsured adults who earn more than that amount – 300% of the federal poverty level – can participate in Cover All Pennsylvanians by paying the full cost.

Prescription for Pennsylvania eliminates the ability of businesses to get a “free ride” by failing to provide health insurance to their employees – gaining a financial advantage over their competitors and passing along the cost of their uninsured employees to the rest of the state. Now, businesses that do not provide health insurance will be assessed a percentage of their payroll.

■ **PROTECTING SMALL BUSINESSES FROM EXTRAORDINARY SPIKES IN HEALTH CARE PREMIUM COSTS THROUGH MORE EFFECTIVE REGULATION OF THE SMALL GROUP INSURANCE MARKET.**

Prescription for Pennsylvania will strengthen oversight of health insurance companies and HMOs. This strengthened oversight will create a level playing field for employers by limiting premium increases, by establishing a standard basic health care package for individuals and small businesses, and by prohibiting insurance companies from driving up the cost of insurance based on certain *demographic* characteristics. For small businesses, insurers will be required to spend at least 85% of the premiums they collect to pay for health care.

Rx for Affordability

■ **HOLDING NOT-FOR-PROFIT GENERAL ACUTE CARE HOSPITALS ACCOUNTABLE FOR MEETING THEIR “COMMUNITY BENEFIT” OBLIGATION TO HELP THE MOST FINANCIALLY VULNERABLE PEOPLE IN THEIR COMMUNITIES.**

In return for their favored tax status, not-for-profit hospitals claiming charitable status are required to provide a substantial “community benefit.” Because there is no uniform method of assessing whether a given hospital has met this obligation, Prescription for Pennsylvania will establish both uniform criteria and the amount of “community benefit” each not-for-profit hospital must provide for its tax exempt status.

■ **PROVIDING BETTER INFORMATION ABOUT COST AND QUALITY SO THAT CONSUMERS CAN MAKE WISER HEALTH CARE DECISIONS.**

Consumers are increasingly required to make decisions on where they can get the best quality health care at the lowest price. Pennsylvania’s health care market lacks transparency – the ability for patients to find out the cost and/or quality of services before they are purchased and received. Prescription for Pennsylvania will provide real-time data on quality outcomes, average payments for hospital procedures and monthly prices for the 150 most commonly prescribed drugs so Pennsylvanians can make decisions on where they can receive the best quality care and get prescriptions at the lowest price.

■ **ENSURING THAT ALL HOSPITALS HAVE FAIR ADMISSION PRACTICES AND BILLING PROCEDURES.**

Prescription for Pennsylvania will require hospitals to have uniform admission criteria for the uninsured and underinsured, provide financial counseling to needy patients, help them enroll in programs to cover the cost of their care and adopt fair billing and collection practices.

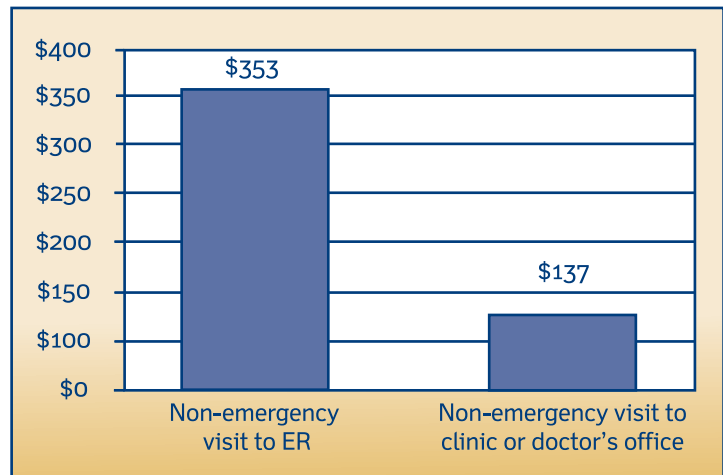
■ **ENSURING THAT CAPITAL EXPENDITURES INCREASE QUALITY AND ACCESS TO CARE AND ARE NOT AN ECONOMIC BURDEN TO HEALTH CARE PURCHASERS.**

Pennsylvania has no way of controlling additional, duplicative and expensive health care capital expenditures and has no means of determining whether, as a state, it can afford these expenditures. Some of the new technology and additional facilities are very beneficial and are needed in regions of our state, while others are duplicative and are not an efficient use of resources. Prescription for Pennsylvania will develop a process to ensure that large capital health investments meet regional health care needs and can be afforded by the health care payers in that region.

Rx for **Affordability**

■ **PROVIDING MORE APPROPRIATE SITES FOR TREATMENT OF CONDITIONS THAT DO NOT NEED EMERGENCY ROOM CARE.**

Pennsylvanians are among the highest users of emergency rooms in the nation – Pennsylvanians are 11% more likely to visit the ER than the average American. The rate of increased use of ERs in Pennsylvania is growing twice as fast as the U.S. average. In 2007, half of ER visits are projected to be for conditions that do not require immediate treatment. By redirecting these visits to more appropriate sites, the potential cost savings could be as much as \$232 million. Prescription for Pennsylvania will require hospitals to immediately screen and redirect patients who go to the ER and do not need emergency care to a more appropriate level of health care provider within the hospital.



Absent new policies to reduce non-emergency ER use, Pennsylvanians will use the ER an estimated 5.3 million times in 2007

■ **ENSURING THAT ALL PENNSYLVANIANS HAVE HEALTH INSURANCE AND THAT ALL FULL-TIME COLLEGE STUDENTS HAVE HEALTH CARE COVERAGE.**

Pennsylvania is among the most attractive states in the country for full-time students who choose to attend a college or university outside of their home state. Uninsured and underinsured students needing emergency room care or hospitalization contribute to the increasing cost of health care. Too many other Pennsylvanians who could afford health insurance do not have it and the cost of their uncompensated care is passed on to those who are insured. Prescription for Pennsylvania will initiate a phased-in mandate for health insurance for those with incomes more than 300% of the federal poverty level (\$60,000 for a family of four) and a requirement that full-time students at four-year colleges and universities have adequate health care coverage as a condition of admission and study.

Rx for **Access**

PRESCRIPTION FOR PENNSYLVANIA EXPANDS ACCESS FOR ALL PENNSYLVANIANS TO THE RIGHT KIND OF HEALTH CARE, FROM THE RIGHT PROVIDER, AT THE RIGHT TIME, IN THE RIGHT PLACE, FOR THE RIGHT COST.

Not all Pennsylvanians have access to primary care providers and services. Many of these Pennsylvanians go without health care or rely on emergency rooms for primary care that could be provided in more appropriate and cost-effective settings.

Expanding access to appropriate care will improve the quality of care that Pennsylvanians receive and drive down the cost of health care for families and employers.

PRESCRIPTION FOR PENNSYLVANIA EXPANDS ACCESS TO QUALITY CARE IN THE APPROPRIATE SETTING FOR THE BEST COST-

■ ENSURING THAT ALL LICENSED HEALTH CARE PROVIDERS – INCLUDING NURSES, ADVANCED NURSE PRACTITIONERS, MIDWIVES, PHYSICIAN ASSISTANTS, PHARMACISTS AND DENTAL HYGIENISTS – CAN PRACTICE TO THE FULLEST EXTENT OF THEIR EDUCATION AND TRAINING.

Pennsylvania consistently lags behind other states in fully utilizing licensed health care providers that are not physicians. Prescription for Pennsylvania will eliminate the barriers in existing laws and regulations that limit the ability of health care providers to practice to the fullest extent allowed by their education and training.

■ ADDRESSING THE NEEDS OF AREAS WHERE THERE ARE SHORTAGES OF PRIMARY CARE PROVIDERS.

One out of 10 Pennsylvania adults say that they do not have someone they consider a personal doctor or health care provider. Even those who do may not have access to health care services when they need them. Prescription for Pennsylvania will increase access to primary care by providing start-up resources for federally qualified health centers and nurse-managed care centers that can provide ongoing, regular care, particularly in shortage areas, and will require insurers to use and appropriately compensate nurse practitioners and other licensed health care providers.

Rx for **Access**

■ **EXPANDING THE ABILITY OF PENNSYLVANIANS TO HAVE ACCESS TO HEALTH CARE IN THE EVENINGS AND ON WEEKENDS.**

Because illnesses are not confined to the business day, both the insured and uninsured sometimes require care during evenings and on weekends. Without access to sites open at those times, patients have no choice but to turn to emergency rooms. Prescription for Pennsylvania will support financial incentives for health care providers that provide health care services in the evenings and on weekends.

■ **ADDRESSING THE URGENT WORKFORCE NEEDS IN THE HEALTH CARE SECTOR – INCLUDING THE SHORTAGE OF HEALTH CARE PROVIDERS IN RURAL REGIONS OF PENNSYLVANIA.**

The distribution of the health care workforce across Pennsylvania leaves some geographic areas with significant shortages, especially rural areas. And, as Pennsylvanians age and health care providers retire, there will be a greater demand for health care services. Prescription for Pennsylvania will invest in health care workforce development and provide financial incentives to attract and retain health care providers in underserved parts of the state.

■ **INCREASING THE DIVERSITY OF THE HEALTH CARE LABOR FORCE AND ACCESS TO EFFECTIVE MEDICAL CARE BY PENNSYLVANIANS OF ALL RACIAL, ETHNIC AND LANGUAGE BACKGROUNDS.**

Racial and ethnic minorities are less likely than whites to receive needed services, even when clinically necessary. This disparity exists even when insurance status, income, age and severity of conditions are comparable. Prescription for Pennsylvania will broaden the diversity of the health care workforce, require access to real-time language translation services in hospitals, and support programs to improve cultural competency and decrease health care disparities.

The skewed racial, ethnic and cultural composition of the health care workforce in contrast to the general population has significant implications for patient care and safety

	PA's working age population	Doctors	Dentists	RNs	LPNs
White	88%	80.9%	93.3%	94.9%	92%
African American	9%	2.8%	1.5%	2.8%	6.9%
Asian	1.5%	11.8%	3.8%	0.1%	0.1%
Hispanic	2.6%	2.6%	1.0%	0.6%	1.0%

Source: BHP . SHIP - Special Report on the Characteristics of the Physician Population in Pennsylvania, Volume 2 - February 2006

Rx for Quality

PRESCRIPTION FOR PENNSYLVANIA CHANGES HOW WE PAY FOR HEALTH CARE TO FOCUS ON IMPROVING QUALITY, ENHANCING PATIENT SAFETY AND PROMOTING WELLNESS.

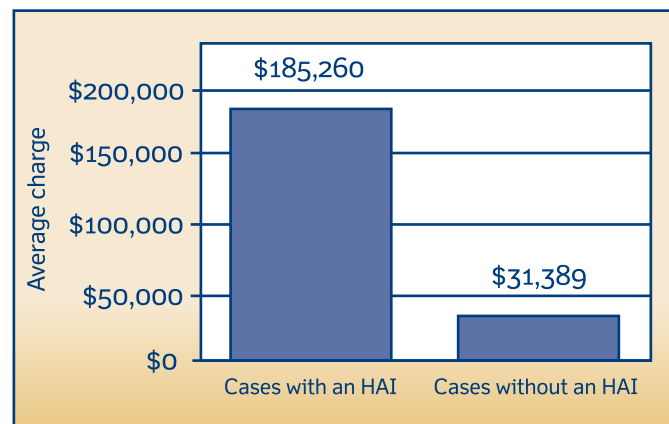
Improving quality goes hand-in-hand with bringing costs under control for businesses and families struggling to pay their own health care premiums. In health care, practices that help people achieve healthier lives also generate enormous savings. Every avoidable infection eliminated, every person with diabetes who receives ongoing care instead of emergency hospitalization, every Pennsylvanian who has the choice to live in their own home and receive services there instead of moving to a nursing home when they do not need to – each is an opportunity to improve quality of care and quality of life by changing how the health care system functions. And each one generates an overwhelming return on the initial investment.

To improve health care quality, Pennsylvania must eliminate hospital-acquired infections, medical errors and the costs associated with them and must promote wellness.

PRESCRIPTION FOR PENNSYLVANIA WILL CREATE A CULTURE OF QUALITY BY -

■ ELIMINATING HOSPITAL-ACQUIRED INFECTIONS, MEDICAL ERRORS AND UNNECESSARY AND INEFFECTIVE CARE.

Most hospital-acquired infections are avoidable – yet last year in Pennsylvania they led to nearly 2,500 deaths and more than \$3.5 billion in hospital charges. These infections are contracted in the hospital and are unrelated to the reason the patient was initially admitted. On average, every hospital patient in America is subjected to at least one medication error per day. The Commonwealth will, over time, cease paying health care providers for care associated with hospital-acquired infections and medical errors. Prescription for Pennsylvania will require hospitals to adopt and implement system-wide quality management and error reduction systems and interoperable electronic medical records.



Hospital-Acquired Infections (HAIs) add \$150,000 to the average hospital charge

Rx for Quality

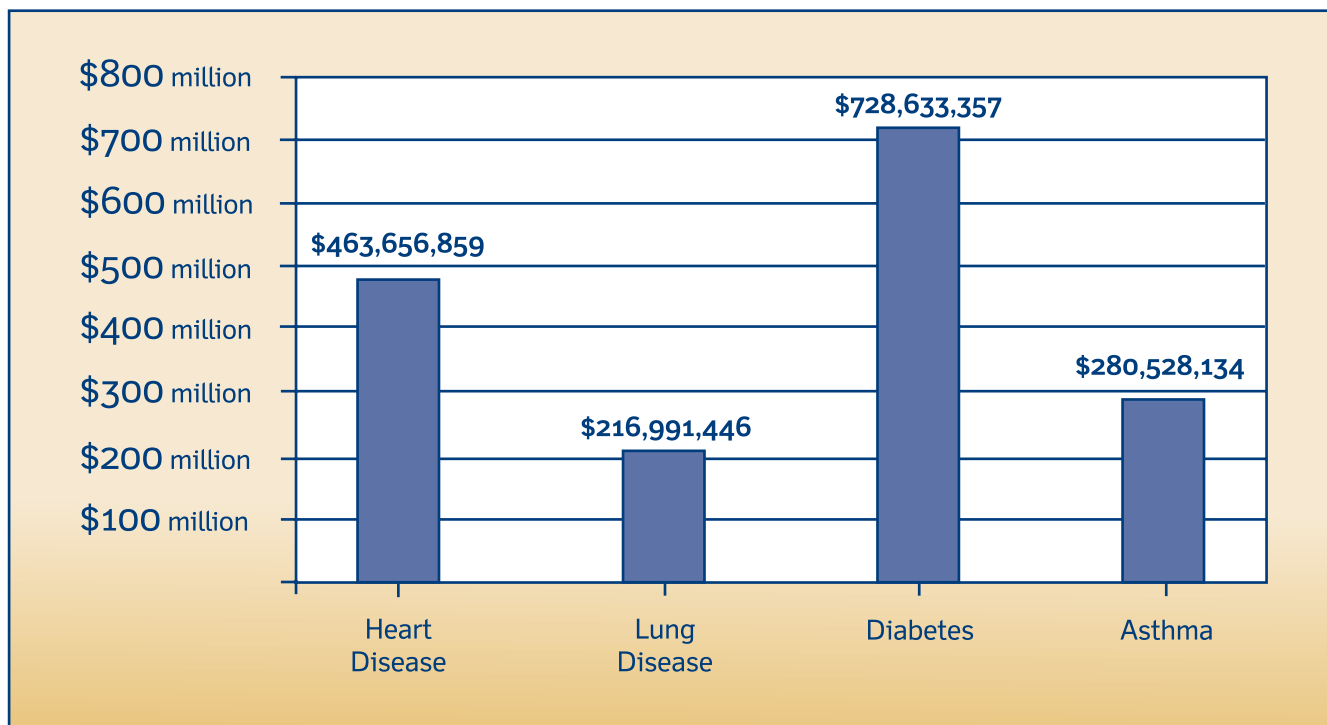
■ PROMOTING A PAYMENT SYSTEM THAT REWARDS QUALITY OF CARE.

Prescription for Pennsylvania will develop a Pay for Performance initiative led by the Commonwealth and other major payers.

■ ESTABLISHING PAYMENT SYSTEMS THAT ENCOURAGE THE EFFECTIVE PREVENTION AND TREATMENT OF CHRONIC DISEASES LIKE HEART DISEASE, DIABETES AND ASTHMA.

Pennsylvania has some of the worst hospitalization rates in the nation for chronic diseases because these patients do not receive appropriate out-patient care. Compared to the best states, Pennsylvanians with heart disease have twice as many avoidable hospitalizations and those with diabetes have four times as many avoidable hospitalizations. Even though 75% of health care costs can be traced to the 25% of patients with chronic diseases, these Pennsylvanians receive only 56% of the care they need. Prescription for Pennsylvania will promote the use of a nationally recognized and proven chronic care model and align payments to support the use of this model.

PA Hospital Charges for Potentially Avoidable Hospitalizations for Chronic Diseases in 2005



Rx for Quality

■ **ENSURING A WELCOMING, ACCESSIBLE AND COMPREHENSIVE SYSTEM OF CARE FOR PENNSYLVANIANS WITH CO-OCCURRING DISORDERS.**

There are more than 400,000 Pennsylvanians with co-occurring disorders. An individual with co-occurring disorders has one or more substance abuse disorders as well as one or more mental disorders. Few individuals with co-occurring disorders receive integrated treatment for both disorders, which has proven to be the most effective form of treatment. Prescription for Pennsylvania will develop an integrated model of treatment to effectively meet the needs of those Pennsylvanians with co-occurring disorders, including both adults and children and those who are incarcerated.

■ **EMBEDDING PALLIATIVE CARE AND PAIN MANAGEMENT SPECIALISTS THROUGHOUT THE HEALTH CARE SYSTEM AND EXPANDING THE USE OF HOSPICE SERVICES FOR THOSE IN THE END STAGE OF LIFE, INCLUDING CHILDREN.**

27% of Medicare's \$327 billion in costs are used to pay for health care during the last year of life. Despite the fact that nine out of 10 people want to die at home, 49% of deaths in Pennsylvania occur in the hospital. Most Pennsylvanians don't have a living will setting forth their preferences for end of life "heroic" efforts. Less than 1% of health care providers are certified in palliative (comfort, support and pain relief) care and less than 22% of Pennsylvania hospitals report having hospice programs. Prescription for Pennsylvania will encourage Pennsylvanians to create advance care directives and support policies that ensure that their end of life choices are honored. The Prescription will expand palliative care training programs for health care providers and ensure the use of palliative care specialists in state-regulated facilities.

■ **IMPROVING THE BALANCE OF THE LONG TERM LIVING SYSTEM BY INCREASING CONSUMER ACCESS TO RELIABLE INFORMATION AND DELIVERING MORE SERVICES IN HOME AND COMMUNITY-BASED SETTINGS.**

Pennsylvania's long term living system is complex and confusing. Access to services, especially for those in crisis, can be overwhelming. As a result, many individuals who may have been good candidates for and would have preferred to receive services in their own homes and communities are left with no alternative but to enter a nursing home, despite the fact that most Pennsylvanians want to remain at home as long as possible. These admissions frequently turn into long term stays financed by public dollars. Prescription for Pennsylvania will increase the availability of home and community-based long term living services, expand the options available to Pennsylvanians needing long term living services, assist Pennsylvanians in planning for their long term living needs, and make the Commonwealth's long term living system simple, seamless and efficient.



Rx for Quality

PRESCRIPTION FOR PENNSYLVANIA WILL PROMOTE WELLNESS BY -

■ ENSURING THAT RELIABLE LONG TERM CARE INSURANCE PRODUCTS ARE AVAILABLE TO PENNSYLVANIANS.

In 2004, less than 3% of Pennsylvanians over the age of 18 had long term care insurance policies. Without insurance, the high cost of long term living services can quickly deplete a family's resources, forcing them to rely on the publicly funded system to pay for their care. Prescription for Pennsylvania will implement a Long Term Care Partnership Program that will promote the purchase of long term care insurance and help Pennsylvania families conserve their resources should they need long term care.

■ CREATING A PENNSYLVANIA WHERE WELLNESS IS A SHARED AND COMMON GOAL.

Second hand smoke is responsible for the deaths of as many as 3,000 Pennsylvania nonsmokers each year. For every eight smokers that die from the effects of their own tobacco use, one nonsmoker also dies from the effects of breathing in someone else's tobacco smoke. 61% of Pennsylvania's adults are overweight or obese and nearly 23% of Pennsylvania's adults smoke. In Pennsylvania, the health care costs related to tobacco use and adult obesity totaled more than \$9 billion, an enormous economic burden. Prescription for Pennsylvania will make all Pennsylvania workplaces, restaurants and bars smoke free and implement consumer incentives that reward healthy behavior.

■ PROMOTING WELLNESS EDUCATION AND SOUND NUTRITION PROGRAMS IN PENNSYLVANIA PUBLIC SCHOOLS.

In Pennsylvania, one in three children is overweight or at risk of becoming overweight. Children who are overweight, inactive and do not adopt healthy eating habits are at an increased risk of developing high blood pressure, heart disease, stroke, type 2 diabetes, liver disease, gallbladder disease, asthma, osteoarthritis and some types of cancers as adults. Despite clear evidence that eating a nutritious breakfast contributes to higher achievement and lower obesity levels, Pennsylvania ranks 42nd among the 50 states in the percent of low-income children who receive school breakfasts. Prescription for Pennsylvania will increase wellness education in Pennsylvania public schools and expand access to school breakfast and to nutritious foods throughout the school day.

Rx for Affordability

JANUARY 2007

PENNSYLVANIA'S SMALL BUSINESSES AND PENNSYLVANIANS WHO HAVE BEEN UNINSURED WILL HAVE ACCESS TO AFFORDABLE BASIC HEALTH CARE COVERAGE

State of the State

- The number of uninsured Americans is at an all time high. The percentage of uninsured has been increasing largely because the percentage of people with employer-based coverage continues to decline.
- 900,000 Pennsylvanians are uninsured.¹ This includes 767,000 adults and 133,000 children.²
 - 27.3% of the uninsured in Pennsylvania have been without health care coverage for five years or more.³
 - 49% of the adult uninsured are between the ages of 18–34 years of age.⁴
 - 71% of the uninsured are employed.⁵
 - 75% of the employed uninsured work for private companies.⁶
 - 62% of the employed uninsured are in the service industry and 21% are in retail.⁷
 - 76% of the adult uninsured have incomes below 300% of the federal poverty level (FPL), which is \$60,000 for a family of four, and need employer or state financial assistance to pay for premiums.⁸
- The large number of uninsured Pennsylvania employees has a negative impact on the state's economy and productivity because insured employees are healthier, more productive and use fewer sick days.⁹
- The overwhelming majority of the uninsured are employees in low-wage jobs.¹⁰
- Small employers, employers with a majority of low-wage employees, and employers with older employees are less likely to be able to afford health care coverage for their employees.¹¹
- Those without health care coverage often pay the price of poor health by foregoing primary care and not receiving needed prescription drugs. When they arrive in emergency departments they are sicker, have more advanced diseases and suffer higher mortality rates.¹²
- In the United States, 35% of the total cost of health care services provided to the uninsured is paid out-of-pocket by the uninsured themselves.¹³

- In 2005, the cost of health care for uninsured Pennsylvanians, which was not paid by the uninsured themselves, was more than \$1.4 billion. ¹⁴
- Because of cost shifting, all who pay for health care coverage also pay for the uninsured. This is true at both the national and state levels. ¹⁵
 - Hospitals and other health care providers attempt to recover this cost through negotiating higher rates for health care services paid for by private insurance. ¹⁶
 - In 2005, the mark up on private health insurance premiums due to health care costs for the uninsured was estimated to be 6.5%, on average \$277 per year for individual coverage and \$681 per year for family coverage. ¹⁷
- Premiums for employer-based health insurance rose 9.2% in 2005, the 5th consecutive year of increases over 9%. ¹⁸
- Health care costs have been increasing twice as fast as average wages in Pennsylvania. ¹⁹

Prescription for Pennsylvania

Cover All Kids

- By expanding the Commonwealth's CHIP program, Pennsylvania will guarantee access to affordable, comprehensive health care coverage for all uninsured children in Pennsylvania through Cover All Kids.
- Parents of children in households with incomes below 300% FPL pay a small monthly premium on a sliding scale basis for comprehensive coverage.
- Parents with higher incomes, who are unable to obtain affordable health insurance for their uninsured children, may purchase coverage for their children at the Commonwealth's full cost, which is approximately \$150 per month per child.
- Cover All Kids is targeted to begin making health care coverage available to children in early 2007.

Cover All Pennsylvanians

- The Administration has submitted proposed legislation to the General Assembly to create Cover All Pennsylvanians (CAP).
 - Small businesses with 2–50 employees that are low-wage employers (to qualify as a low-wage employer, the average wage of all employees must be less than the

average wage in Pennsylvania, which currently is \$39,000),²⁰ uninsured self-employed and other uninsured individuals are eligible to participate in CAP.

- CAP will be available to part-time employees (including those with multiple jobs) either through their small low-wage employer that enrolls in CAP or through individual enrollment in CAP.
- To be eligible, small low-wage employers must enroll at least 75% of all employees who work over a specified number of hours per week and pay 65% of the discounted premium for the enrolled employees. The Commonwealth will subsidize a portion of the total premium, meaning businesses will pay far less because of this program. Employers that choose to participate in CAP will pay approximately \$130 per employee per month.
- Employees whose employers participate in CAP will pay premiums ranging from \$10 to \$70 per month depending on family income.
- Employees with incomes no greater than 300% FPL, who are uninsured because they cannot afford the premiums for the health insurance offered by their employers, may apply to CAP. The Commonwealth will then determine whether it is more cost-effective to pay for the employees' participation in their employers' health insurance plans or in CAP.
- Individuals and the self-employed with incomes no greater than 300% FPL may apply to CAP and will pay premiums ranging from \$10 to \$60 per month depending on family income.
- Individuals and the self-employed with incomes greater than 300% FPL may apply to CAP and will pay monthly premiums at the full Commonwealth price of \$280.
- To discourage employers and individuals from dropping their current coverage, small low-wage employers and individuals with household incomes greater than 200% FPL must be uninsured for six months and individuals with household incomes below 200% FPL must be uninsured for three months.
- The Administration will design a cost-effective, limited-benefit health care package that will emphasize wellness and will include health assessments, routine diagnostic tests, generic pharmaceuticals, limited inpatient and outpatient behavioral health care and inpatient hospital acute care.
- Employers who do not offer health care coverage will be assessed a percentage of their payroll.
- CAP will be provided through managed care plans doing business in Pennsylvania. The Blue Cross Blue Shield plans will be required to submit proposals.

- CAP will replace adultBasic and those enrolled in adultBasic will be transferred to CAP. Those on the adultBasic waiting list will be given the opportunity to immediately enroll in CAP.
- Pennsylvania will seek federal approval to have the federal government share in the cost of providing health care coverage to those who are uninsured and have incomes no greater than 300% FPL.
- If after a reasonable period of time, the vast majority of uninsured Pennsylvanians still do not have health insurance, a mandate for those individuals with incomes greater than 300% FPL will be phased in.
- CAP and Cover All Kids will make affordable health insurance available to the vast majority of uninsured Pennsylvanians.

300% Federal Poverty Level (as of 12/31/06)

Persons in Household	Income
1	\$29,400
2	\$39,600
3	\$49,800
4	\$60,000

Monthly Premiums for All Other Adults Who Participate in CAP

Federal Poverty Level	Single Adult Maximum Gross Income	Family of 4 Maximum Gross Income	Monthly Premium for Adult Employee
0-100%	\$9,800	\$20,000	\$10
101%-200%	\$19,600	\$40,000	\$40
201%-300%	\$29,400	\$60,000	\$60
Over 300%			\$280

Monthly Premiums for Employees Whose Employers Participate in CAP

Federal Poverty Level	Single Adult Maximum Gross Income	Family of 4 Maximum Gross Income	Monthly Premium for Adult Employee
0-100%	\$9,800	\$20,000	\$10
101%-200%	\$19,600	\$40,000	\$40
201%-300%	\$29,400	\$60,000	\$60
Over 300%			\$70

PENNSYLVANIANS WILL BE ASSURED THAT ALL FULL-TIME STUDENTS ATTENDING COLLEGES OR UNIVERSITIES IN PENNSYLVANIA WILL HAVE HEALTH CARE COVERAGE

State of the State

- Pennsylvania is among the most attractive states in the country for full-time students who choose to attend a college or university outside of their home state.²¹ For instance, the University of Pennsylvania draws 81% of its undergraduates from out of state.²²
- Although some colleges and universities in Pennsylvania require their students to provide proof of health care insurance, many do not.²³
- Some health insurance plans offered to students do not provide adequate health care coverage.²⁴
- Uninsured and underinsured students needing emergency room care or hospitalization contribute to the increasing cost of health care.²⁵
- Pennsylvania has no law requiring universities and colleges to require that their full-time students have adequate health care coverage.²⁶ Massachusetts, which also draws large numbers of out-of-state students, has such a law.²⁷

Prescription for Pennsylvania

- The Insurance Department will recommend a minimum health benefit package for full-time students enrolled in baccalaureate and post baccalaureate programs in Pennsylvania.
- The Administration has submitted proposed legislation to the General Assembly requiring colleges and universities in Pennsylvania to require that their full-time students enrolled in baccalaureate and post baccalaureate programs have health care coverage, whether through insurance or access to health care within the university or college, which meets the minimum benefit package established by the Insurance Department.

**PENNSYLVANIANS WILL BE ASSURED THAT NOT-FOR-PROFIT HOSPITALS
RECEIVING TAX AND OTHER BENEFITS AS CHARITABLE INSTITUTIONS
MEET THEIR COMMUNITY BENEFIT REQUIREMENTS**

State of the State

- Pennsylvania has 194 general acute care hospitals, of which only 19 are currently for-profit.²⁸
- Not-for-profit hospitals receive benefits as a result of their classification as charitable institutions such as:
 - paying no income, sales or property taxes;
 - borrowing money in the tax-exempt bond market; and
 - receiving charitable contributions from donors, which are tax-deductible for the donor.²⁹
- In return for their favored tax status, not-for-profit hospitals claiming charitable status under the Institutions of Purely Public Charity Act are required to provide a substantial community benefit, but there is no uniform method of assessing whether a given hospital has met this obligation.³⁰
- The Institutions of Purely Public Charity Act governing non-profit hospitals that are classified as charitable institutions sets forth specific benchmarks that those hospitals must meet to qualify for the tax exemption and other benefits, but the law requires no audit or any report to the community on whether or how these institutions met these benchmarks.³¹
- Under the Institutions of Purely Public Charity Act, general acute care hospitals are permitted to include routine business expenses such as unpaid bills and employee orientation costs in their community benefit calculations.³²

Prescription for Pennsylvania

- The Administration has submitted proposed legislation to the General Assembly to hold not-for-profit general acute care, specialty and rehabilitation hospitals (hospitals) accountable for meeting their community benefit obligation to help people most financially vulnerable in their communities.

- Specifically, the legislation will:
 - hold hospitals accountable for meeting the criteria they choose under the Institutions of Purely Public Charity Act to meet their community benefit requirement;
 - clarify what can be counted as uncompensated care for general acute care hospitals to meet their community benefit requirement; and
 - require hospitals to develop a plan for meeting their community benefit requirement and to annually report and be subjected to periodic audits on their community benefit claims.

**PENNSYLVANIANS WILL BE ASSURED THAT GENERAL ACUTE CARE HOSPITALS
WILL HAVE UNIFORM ADMISSION CRITERIA AND FAIR BILLING AND
COLLECTION PRACTICES TO INCREASE ACCESS TO AFFORDABLE
HEALTH CARE FOR THE UNINSURED AND UNDERINSURED**

State of the State

- Pennsylvania is one of the largest states in the nation that does not have a single public hospital; that is, a hospital that will admit anyone regardless of their ability to pay. ³³
- Pennsylvania has 194 general acute care hospitals, most of which receive state funds to defray the cost of providing uncompensated care to the uninsured and underinsured, and for extraordinary expenses related to this care. ³⁴
- The current general acute care hospital admissions system for the uninsured is ad hoc and case-by-case so that uninsured and underinsured individuals have a hard time understanding whether or not they will be admitted for care or be required to pay a large deposit against their bill.
- Pennsylvania general acute care hospitals have no uniform fair billing and debt collection policies to fairly charge uninsured and underinsured patients for services rendered and to fairly pursue collection of those charges.
 - Uninsured and underinsured patients may be billed the full hospital charge which is many times the average amount the hospital receives from insurance companies paying for the same service.
 - Medical bills and illnesses are the number one cause of individual bankruptcy in the United States, accounting for half of the personal bankruptcy filings. ³⁵

Prescription for Pennsylvania

- The Administration has submitted proposed legislation to the General Assembly to require general acute care hospitals to develop consistent and specific admission criteria for uninsured and underinsured patients including requirements that:
 - the criteria are transparent and easy to understand so that uninsured and underinsured patients have the information they need to know whether they are eligible for services;
 - individuals are admitted based on sound medical practice; and
 - admissions are prioritized based on the urgency of the medical condition and the risk to the individual of going without medical care.

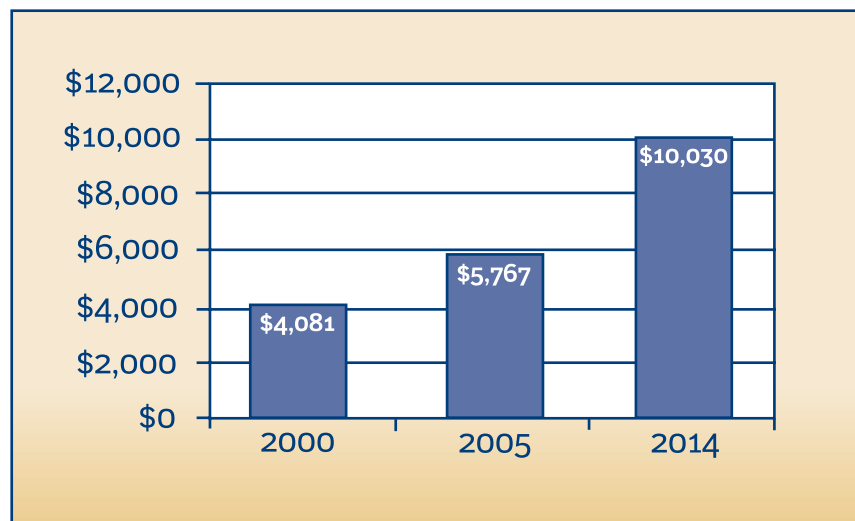
- With regard to billing and collection, general acute care hospitals will be required to:
 - provide financial counseling to financially-needy patients and help those patients to enroll in available programs to cover required services;
 - provide a full explanation of all charges and a rapid complaint resolution process; and
 - adopt fair billing and collection policies that protect individuals from catastrophic medical bills, such as prohibiting hospitals from billing the uninsured or underinsured more than the Medicare reimbursement received by the hospital for a particular service.

PENNSYLVANIANS WILL BE ASSURED THAT CAPITAL INVESTMENTS IN HEALTH CARE WILL MEET THE CURRENT AND PROJECTED NEEDS OF THE COMMUNITIES THEY SERVE

State of the State

- Health care costs have been increasing twice as fast as average wages in Pennsylvania. From 2000 to 2002, health care costs grew 20.5% while Pennsylvania wages increased 9.2%.³⁶ In 2004, health care costs grew 6.9% while Pennsylvania wages increased 4.2%.³⁷
- Expensive capital expenditures for new technology, equipment and facilities are major drivers in the increasing cost of health care.³⁸ Some of these capital expenditures significantly improve health care. Often, however, these expensive capital expenditures duplicate existing services or facilities where capacity already exists, and hospitals and other health care providers are just trying to keep up with their competitors. Once in place, the expensive technology and/or service must be used to justify its cost, leading to overuse and an increase in overall health care costs.
 - Research has shown that the supply of hospital beds influences the rate of use of the beds; so the more beds there are, the more they tend to be used regardless of the community's health status. More than 50% of the variation in rates of hospitalization for all medical conditions can be attributed to differences in the supply of hospital beds in the region.³⁹
- Pennsylvania has no way of controlling these additional, duplicative and expensive health care capital expenditures and no means of determining whether, as a state, Pennsylvania can afford these expenditures. In addition, Pennsylvania has neither criteria to ensure that future expensive capital expenditures will strategically address health care needs nor criteria to determine if these expenditures are within the economic means of the state.

Projected Medical Spending per Capita in Pennsylvania



Source: Deborah Chollet, Ph.D., Mathematica Policy Research, Inc. - Projections Using National Trends from CMS

Prescription for Pennsylvania

- By Executive Order, the Governor will establish a bi-partisan commission made up of health economists, insurers, actuaries, hospital executives, health care providers, health care technology experts, consumers, business representatives and others appointed by the Governor.
- The Commission will:
 - develop criteria for determining health care needs and project those needs on a regional basis for each consecutive three-year period beginning in 2007;
 - recommend criteria for assessing whether to add, merge or eliminate health care facilities to promote accessible, efficient, quality and needed health care in each region of the Commonwealth;
 - recommend criteria for determining yearly regional and statewide dollar caps on aggregate capital expenditures proposed to be made by health care providers based on these health care needs, the cost of anticipated new technology of proven value and the ability of health care payers to absorb additional costs;
 - recommend how public health care payments should be linked to this process;
 - recommend a structure to ensure that the determinations are incorporated into each region's planning process;
 - recommend a process and authority for decision-making; and
 - recommend an enforcement mechanism, including licensure and payment restrictions.

PENNSYLVANIANS WILL BE ASSURED THAT THE INDIVIDUAL AND SMALL GROUP INSURANCE MARKETS ARE EFFECTIVELY REGULATED SO THAT AFFORDABLE HEALTH INSURANCE COVERAGE IS AVAILABLE

State of the State

- Since 2000, family health insurance premiums in Pennsylvania have increased 75.6% compared to cumulative inflation of 17% and cumulative wage growth of 13.3%. ⁴⁰
- Health insurance costs in Pennsylvania increased 87% between 1996 and 2004 for small employers for employee coverage, increasing from \$2,036 in 1996 to \$3,806 in 2004. ⁴¹
- The smaller the business, the less likely employees will have employer-based coverage. Only 44.4% of employees in businesses with less than 10 employees have employer-based health care coverage. However, 77.5% of employers with 10–24 employees offer employer-based coverage. ⁴²
- Some small groups have seen their health insurance rates skyrocket as more of the insurance industry moved from community rating to demographic rating. ⁴³
- Demographic rating means that insurers determine the cost of premiums using factors such as age, gender, size of the group and claims experience. Adjusted community rating means that insurers determine the cost of premiums using only limited factors, such as age, geographic region and family size. ⁴⁴
- Most commercial insurers use demographic rating and other factors, such as medical conditions, which can cause large variations in premiums, while the non-profit Blue Cross Blue Shield plans have traditionally used community rating. ⁴⁵
- Pennsylvania has no statute requiring community rating by any health insurer. ⁴⁶
- Commercial insurers selling individual health insurance products may deny coverage to individual applicants, while the non-profit Blue Cross Blue Shield plans must cover all individuals who apply. ⁴⁷
- Not all health insurance rates are reviewed by the Pennsylvania Insurance Department. ⁴⁸
 - All insurers issuing individual health insurance products must file the rates for those products with the Insurance Department for review. ⁴⁹
 - The non-profit Blue Cross Blue Shield plans and all Health Maintenance Organizations (HMOs) issuing group health insurance must file the rates for those products with the Insurance Department for review. ⁵⁰

- Commercial health insurers, including the for-profit Blue Cross Blue Shield subsidiaries, issuing group health insurance are not required to file the rates for those products with the Insurance Department for review. ⁵¹
- Health insurers vary in the percentage of premiums that are used to pay medical costs versus the percentage of premiums used for administrative expenses, profits and reserves. A few states require minimum loss ratios, which is the percentage of the premium that must be used to pay medical claims. Pennsylvania has no such requirement. ⁵²

Prescription for Pennsylvania

- The Administration has submitted proposed legislation to the General Assembly so that affordable health insurance is available to individuals and small groups by:
 - requiring adjusted community rating, which prohibits insurers from using factors other than age, family size and geographic region to determine rates;
 - establishing overall rate bands of 2:1 so that for a given benefit package the highest premium charged can be no greater than twice that of the lowest premium;
 - establishing standardized basic health plans comparable to Cover All Pennsylvanians with several co-payment options, additional benefits available through riders and with all applicants being accepted, while prohibiting insurers from offering other plans;
 - granting the Insurance Department the authority to consider best practice measures when reviewing rate requests for those costs associated with inefficient operation by the insurer or provider, additional care due to avoidable hospital-acquired infections and avoidable hospitalizations due to ineffective chronic care management;
 - requiring a minimum medical loss ratio for all insurers in the small group market so that 85% of premiums are used to pay for health care costs;
 - requiring insurers to file rate justifications for minimum loss ratios below 85% and requiring insurers, at the discretion of the Insurance Commissioner, to refund premiums for minimum loss ratios below 85%; and
 - requiring all health insurance plans to offer parents of dependent children the option to purchase family coverage for those children up to the age of 30.

**PENNSYLVANIANS WILL HAVE REAL TIME ACCESS TO DATA
ON PROVIDER QUALITY OUTCOMES AND PROCEDURE COSTS
TO ENABLE THEM TO MAKE INFORMED HEALTH CARE CHOICES**

State of the State

- Consumers are increasingly required to make decisions on where they can get the best quality health care at the lowest price. Pennsylvania's health care market lacks transparency, i.e., the ability of patients to know the cost and/or quality of services before they are purchased and received. ⁵³
- Pennsylvania has a good infrastructure for collecting and disseminating cost and quality data for consumers and health care purchasers. The problem is that the data is incomplete and not timely. ⁵⁴
- The cost of the same prescription drug varies by pharmacy, and consumers do not have access to information to compare the cost of their prescription drugs. ⁵⁵

Prescription for Pennsylvania

- With regard to quality and price, Pennsylvania's health care market should be as transparent as possible, so that all consumers will have the information they need to make informed decisions on where they can obtain the best quality health care at the best price. Increased transparency may also promote competitive pricing.
- Beginning with the Medical Assistance Program, state-funded health care programs will make available to beneficiaries the payments made by the Commonwealth to contracted providers for common inpatient, outpatient and health care provider services.
- The Administration has submitted proposed legislation to the General Assembly to create an interactive, consumer-friendly web site that will provide consumers with timely information on health care costs and quality and prescription drug cost information.
 - Hospitals will be required to submit on an annual basis information regarding the payments they received for the 150 most frequent admission diagnoses and the 150 most frequently administered drugs.
 - Ambulatory surgery facilities and imaging centers will be required to submit on an annual basis information regarding the payments they received for the 50 most frequently performed procedures.
 - Retail drug stores will be required to submit on a monthly basis their charges for the 150 most commonly prescribed drugs so Pennsylvanians can find the best price for their prescriptions.

Rx for Access

JANUARY 2007

PENNSYLVANIANS WILL RECEIVE HEALTH CARE FROM A WELL TRAINED, HEALTHY AND DIVERSE WORKFORCE

State of the State

- Pennsylvanians are aging and so are Pennsylvania's health care providers.⁵⁶ Pennsylvania is already experiencing health care workforce shortages and could face even more shortages as older health care employees retire, younger workforce members relocate or change jobs and as baby boomers age and create a greater demand for health care.⁵⁷
 - In 2004, the average age of both physicians and nurses in Pennsylvania was almost 50 years.⁵⁸
 - In 2005, the average age of dentists in Pennsylvania was 50.4 years.⁵⁹
- The health care workforce in Pennsylvania is disproportionately distributed to the population.
 - In urban counties, there are 2.35 physicians per 1,000 residents, while in rural areas there are 1.37 physicians per 1,000 residents.⁶⁰
 - Only 13.5% of physicians and 15.2% of registered nurses practice in rural counties where 21% of the population lives.⁶¹
 - 84.7% of dentists practice in urban counties, while only 15.3% practice in a rural county. Less than 20% of all dentists in Pennsylvania participate in Medical Assistance.⁶²
 - 50% of the doctors in Pennsylvania are practicing in only five counties (Philadelphia, Montgomery, Delaware, Bucks and Allegheny) even though the remaining 62 counties have more than 63% of the population.⁶³

- Health care providers are predominantly white, doctors and dentists predominantly male and nurses are almost exclusively female.⁶⁴ The skewed racial, ethnic and cultural composition of Pennsylvania's health care workforce as compared to the general population has significant implications for patient care and safety.⁶⁵

The skewed racial, ethnic and cultural composition of the health care workforce in contrast to the general population has significant implications for patient care and safety

	PA's working age population	Doctors	Dentists	RNs	LPNs
Male	46.7%	75.3%	85.9%	5.1%	3.8%
Female	53.3%	24.7%	14.1%	94.9%	96.2%

Source: BHP . SHIP - Special Report on the Characteristics of the Physician Population in Pennsylvania, Volume 2 - February 2006

The skewed racial, ethnic and cultural composition of the health care workforce in contrast to the general population has significant implications for patient care and safety

	PA's working age population	Doctors	Dentists	RNs	LPNs
White	88%	80.9%	93.3%	94.9%	92%
African American	9%	2.8%	1.5%	2.8%	6.9%
Asian	1.5%	11.8%	3.8%	0.1%	0.1%
Hispanic	2.6%	2.6%	1.0%	0.6%	1.0%

Source: BHP . SHIP - Special Report on the Characteristics of the Physician Population in Pennsylvania, Volume 2 - February 2006

- Direct care employees, who typically assist patients in nursing homes, personal care homes and group homes, receive low hourly wages and frequently receive no health care benefits. In 2004, nearly 60% of nursing home, personal care home and home health care providers reported significant problems in recruiting or retaining direct care employees.⁶⁶
- Two years ago, the Governor made a commitment to address workforce issues, especially with respect to the shortage of health care providers. As a result of that commitment, the Administration has:
 - increased the number of nursing education programs in the Commonwealth;
 - provided new funding for nursing education to continue the training of more nurses;⁶⁷
 - established the Office of Health Equity in the Department of Health to help address diversity issues in the workforce; and
 - implemented the recommendation of the Workforce Investment Board to educate school children on the variety of health professions they might want to consider when they enter the workforce.

Prescription for Pennsylvania

- Building on the success of the Pennsylvania Health Careers Task Force, which was created by the Governor in 2003, the Administration has submitted proposed legislation to the General Assembly that will formally establish the Pennsylvania Center for Health Careers.
- The Center will develop strategies to address the Commonwealth's short and long-term health care workforce challenges to ensure the quality and supply of such workforce by:
 - determining the health care workforce needs of the Commonwealth through research, outreach and study;
 - researching best practices in addressing similar workforce needs in other states; and
 - assessing the effectiveness of the initiatives, programs and projects the Center undertakes.

- The Center will continue to partner with vested stakeholders to define and implement additional strategies to ensure that Pennsylvania has the health care workforce it needs. These strategies will include:
 - establishing a career ladder that will enable employees to enter the health care profession at one level and then obtain additional clinical experience and education to raise their professional level and increase their earning potential;
 - constructing financial and other incentives to attract more physicians to Pennsylvania, to retain those who are trained here and to encourage Pennsylvania medical school graduates to remain in Pennsylvania for their residency training;
 - constructing financial incentives to attract more primary care physicians and other health care providers to underserved areas of Pennsylvania; and
 - developing greater racial, ethnic and gender diversity across all of the health care professions.
- Because so many low-wage health care employees are without insurance, Cover All Pennsylvanians will target for enrollment small low-wage businesses and uninsured individuals in the health care field.

PENNSYLVANIA HEALTH CARE PROVIDERS WILL BE SUPPORTED IN THEIR CAPACITY TO PRACTICE TO THE FULL EXTENT OF THEIR EDUCATION AND TRAINING

State of the State

- A team approach to medical care is where the most appropriate level of health care provider is the “central player” and where others play critical roles to support or coach or treat the patient. Studies have shown that this approach results in better outcomes for patients, including patients with breast cancer, patients with hypertension, patients with diabetes and other chronic diseases and seniors with depression.⁶⁸
- A significant percentage of adult and pediatric primary care can be provided by nurse practitioners and physician assistants, yet existing state laws and regulations preclude these health care providers from practicing to the fullest extent possible.⁶⁹
 - Adding a nurse practitioner or physician assistant to a medical practice can virtually double the number of patients seen at a much lower cost for the service at the same level of quality.⁷⁰
 - Some Pennsylvania insurers do not recognize nurse practitioners as primary care providers in their provider networks and do not provide for direct reimbursement for the services they render.⁷¹
- Numerous Pennsylvania statutes and regulations provide that only a physician can perform certain services, even though nurse practitioners are educated and trained to do so. These include methadone treatment evaluations, psychological evaluations, school teacher physicals, physicals for certain medical assistance recipients and ordering certain treatments and medical equipment.
- Pennsylvania is the only state that does not give nurse midwives authority to write prescriptions for their patients, which results in unnecessary delays that can affect patient care and safety.⁷² Across Pennsylvania, nurse midwives deliver almost 10% of all live births; in some areas they deliver close to 50%.⁷³
- More than 1.5 million Pennsylvanians live in a federally designated dental health professional shortage area. In states with similar shortages, dental hygienists fill this void by providing routine dental care. Pennsylvania’s licensing statute and regulations limit dental hygienists’ independence and the functions they can perform.⁷⁴
- Until passage of the Pennsylvania Collaborative Drug Therapy Management Law, pharmacists in Pennsylvania could not modify or change prescribed medications or provide flu shots or injectable medications, despite the fact that 40 other states had already expanded the pharmacist’s role. Now, pharmacists can manage drug therapies in hospitals and other institutions and can administer injections for the flu and other immunizations in retail drug stores.⁷⁵

Prescription for Pennsylvania

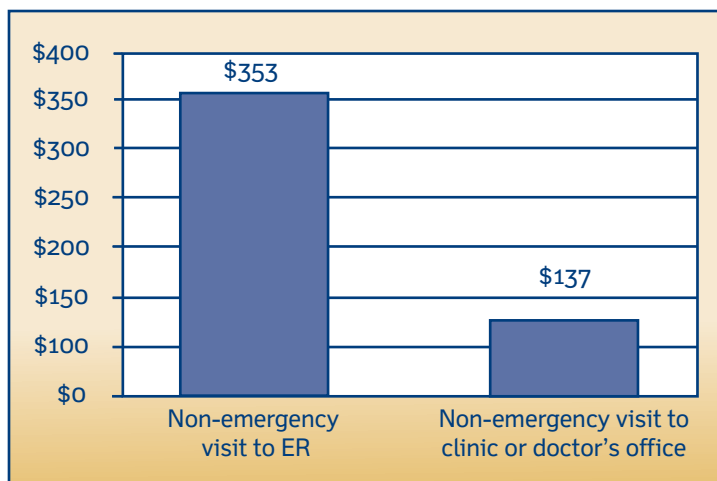
- The Administration has submitted proposed legislation to the General Assembly to eliminate barriers in existing laws and regulations that limit licensed health care providers from performing up to the fullest extent of their scope of practice, education and training.
- The legislation will:
 - define the appropriate scope of practice for primary care providers, certified registered nurse anesthetists, clinical nurse specialists, pharmacists, dental hygienists and independent dental hygiene practitioners based on their education and training in order to support the best, most effective and efficient use of all health care providers;
 - permit licensed health care providers at all levels to practice as independently as possible;
 - prohibit insurers from excluding an entire class of licensed health care providers from a provider network; and
 - require insurers to credential individual licensed health care providers based on the person's clinical experience, education and licensure status.
- The Administration will also seek to improve access to services from all levels of licensed health care providers in state-funded programs by:
 - requiring all such programs to use, where appropriate and cost-effective, advanced practice nurses, including clinical nurse specialists, certified registered nurse anesthetists, certified registered nurse practitioners, nurse midwives, physician assistants and dental hygienists, in all provider networks; and
 - supporting and encouraging the use of chronic care teams, rapid response medical teams (who provide early detection of changes in patients' conditions and respond rapidly to avoid life-threatening conditions) and other evidence-based disease management teams through the reimbursement structure.
- By Executive Order, the Governor will establish a study group to review and issue a report by January 2008 on options for structuring the state licensing boards to reflect the changes in health care practice and to promote a team approach to medical care.

PENNSYLVANIANS WILL RECEIVE MEDICALLY APPROPRIATE CARE FROM SKILLED HEALTH CARE PROVIDERS, WHEN NEEDED, IN COST-EFFECTIVE SITES

State of the State

- A medical home is a place where an individual goes on a regular basis to receive health care and to obtain referrals to specialists when needed. In 2004, more than one out of 10 Pennsylvanians lacked a medical home. ⁷⁶
- Men, minorities and the poor are more likely to lack a personal health care provider. ⁷⁷
- The uninsured lack a medical home and frequently turn to community clinics and other sources of free or discounted care. These providers vary widely from region to region across Pennsylvania from 17 per 100,000 uninsured in the Eastern region to 80 per 100,000 uninsured in the Northeast region. ⁷⁸
- Even those who have a regular provider and a medical home often do not have access to health care services during the evenings or weekends.
- Lack of a medical home leads to delays in seeking treatment or the unnecessary use of the emergency department (ER), both of which affect quality outcomes for the patient and the cost to the system as a whole. ⁷⁹
 - The unnecessary use of ER services is worse in Pennsylvania than in other states. Pennsylvanians are 11% more likely to visit the ER than the average American and the rate of increase is growing twice as fast as the U.S. average. ⁸⁰
 - Assuming ER use remains the same, Pennsylvanians will visit the ER an estimated 5.3 million times in 2007. Half of these visits are likely to be for conditions that do not require immediate (in less than one hour) treatment. By redirecting these visits to more appropriate sites, the potential cost savings could be as high as \$232 million. ⁸¹

Projected Average Cost of Non-Emergency Visits to ER vs. Clinic or Office



- Recently, nurse-managed care centers have opened in some retail drug stores and in grocery stores to provide basic primary and preventive care services to Pennsylvanians in the evenings and on weekends at a reasonable cost. ⁸²

Prescription for Pennsylvania

- The Administration will expand access to clinics that can function as medical homes by providing start-up funding for federally qualified health centers (FQHCs), nurse-managed health care centers and similar centers, especially in those areas where there are shortages.
- The Administration will promote the use of sites, such as nurse-managed care centers, to increase access to primary and preventive care services in the evenings and on weekends at lower costs.
- The Administration will require insurers to pay financial incentives to primary care providers to increase access to primary care services for patients on weekends, in the evening and as walk-ins.
- State-funded health care programs will develop and implement primary care incentives for weekends, evening hours and same-day appointments to increase access to care and reduce the unnecessary use of the ER. Insured individuals in state-funded programs may be asked to pay a higher co-payment for unnecessary use of the ER.
- The Department of Health and the Department of Public Welfare will require all hospitals to make sure that patients who go to the ER, but do not need the immediate, intensive services of the ER are directed to a more appropriate level of health care provider within the hospital or its proximity.
- In all state-funded programs, hospitals will be reimbursed for services based on the acuity level of the patient and the treatment necessary, and not based on where in the hospital those services are provided.
- The Insurance Department will work with insurers to make sure that urgent care centers, convenient care centers, nurse managed care centers and other sites using health care providers other than physicians are included in provider networks and that those health care providers are paid appropriately for their services.
- The Department of Health will promote community outreach to educate Pennsylvanians about the appropriate use of the ER and alternative sites of care.

PENNSYLVANIANS WITH CO-OCCURRING MENTAL HEALTH AND SUBSTANCE USE DISORDERS WILL HAVE ACCESS TO INTEGRATED TREATMENT SERVICES BY SKILLED PROVIDERS IN APPROPRIATE SETTINGS

State of the State

- An individual with “co-occurring disorders” has one or more substance use disorders as well as one or more mental disorders.⁸³ According to conservative estimates, there are approximately 400,000 Pennsylvanians with co-occurring disorders.⁸⁴
- Individuals with co-occurring disorders are often served by fragmented mental health and substance abuse systems.⁸⁵ As a result, they are often treated for only one disorder, if they receive treatment at all.⁸⁶ Typically, if only one disorder is treated, both disorders will progress resulting in additional problems and poor treatment outcomes.⁸⁷
- Few individuals with co-occurring disorders receive integrated treatment for both disorders, which has proven to be the most effective form of treatment.⁸⁸
- There are tremendous human, social and economic costs of untreated mental health and substance use disorders, impacting the individual, the family, the workplace and the community.⁸⁹
 - In the United States, the public cost of untreated addiction is more than \$300 billion per year and the public cost of untreated mental illness is more than \$100 billion per year.⁹⁰
 - The consequences of untreated co-occurring disorders lead to the over-utilization of costly resources in the criminal justice, child welfare and health care systems.⁹¹

Prescription for Pennsylvania

- The Department of Health and Department of Public Welfare will work to develop a welcoming, accessible and comprehensive system of care for Pennsylvanians with co-occurring disorders.
- This will include:
 - streamlining the licensure process for facilities providing integrated co-occurring disorder treatment services;
 - preparing uniform, statewide standards for integrated co-occurring disorder treatment at all levels of care;

- working with behavioral health managed care organizations to expand the network of co-occurring disorder treatment providers across the Commonwealth;
- developing a workforce with the skills necessary to treat individuals with co-occurring disorders by providing unified statewide training programs on co-occurring disorder issues and encouraging individual mental health and substance abuse treatment providers to obtain the Certified Co-Occurring Disorder Professional credential;
- creating an integrated data system to ensure that individuals seeking treatment for mental health or substance use disorders are appropriately screened for co-occurring disorders, and are referred to and receive necessary services in a timely manner;
- creating a central repository for co-occurring disorder best practice standards; and
- ensuring that inmates in the state prison system are properly screened and assessed for co-occurring disorders upon intake, receive integrated treatment if co-occurring disorders are diagnosed and have aftercare plans in place that adequately address their co-occurring disorders before they are released.

Rx for Quality

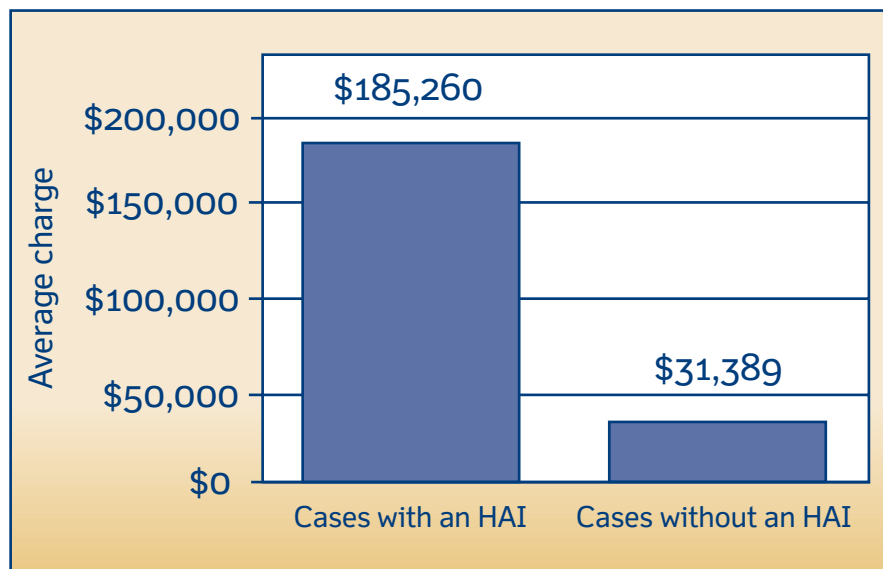
JANUARY 2007

**PENNSYLVANIANS CAN BE ASSURED THAT HOSPITALS AND PROVIDERS
WILL TARGET AND ELIMINATE HOSPITAL-ACQUIRED INFECTIONS**

State of the State

- Hospital-acquired infections (HAIs) are infections that patients contract while in the hospital. At the time of admission the infection was not present or developing. ⁹²
- Most HAIs are preventable, yet over 2,478 Pennsylvanians die each year with HAIs. ⁹³
- MRSA, a type of HAI, is resistant to most antibiotics and can be carried by patients who do not show symptoms. It is passed on to other patients in the hospital who may become very ill or die. ⁹⁴
- Some European and Scandinavian countries, pilot units at the University of Pittsburgh Medical Center (UPMC) and the Veteran's Hospital in Allegheny County have been able to virtually eliminate HAIs, including MRSA, through relatively simple infection control procedures. ⁹⁵ The Allegheny County Veteran's Hospital's approach to preventing MRSA infections is now being replicated in all 15 Veteran's Administration hospitals in Pennsylvania. ⁹⁶
- In 2005, Pennsylvania hospitals reported 19,154 cases of HAIs to the Pennsylvania Health Care Cost Containment Council (PHC4), which resulted in hospital charges of \$3.5 billion that year. (This is not the total number of HAIs for 2005, as hospitals were not required to report all HAIs until 2006.) ⁹⁷

**Hospital-Acquired Infections (HAIs) Add \$150,000
to the Average Hospital Charge**



- In 2005, the average charge for a hospitalization for a patient who became infected with an HAI was \$185,260 and the average charge for a patient without an HAI was \$31,389.⁹⁸ In 2005, the average payment for a hospitalization for a patient who became infected with an HAI was \$53,915 and the average payment for a patient without an HAI was \$8,311.⁹⁹
- Hospitals vary considerably in their ability to identify and report HAIs. By using electronic surveillance systems to identify infections, hospitals eliminate the potential for error in determining what is or is not an HAI.¹⁰⁰

Prescription for Pennsylvania

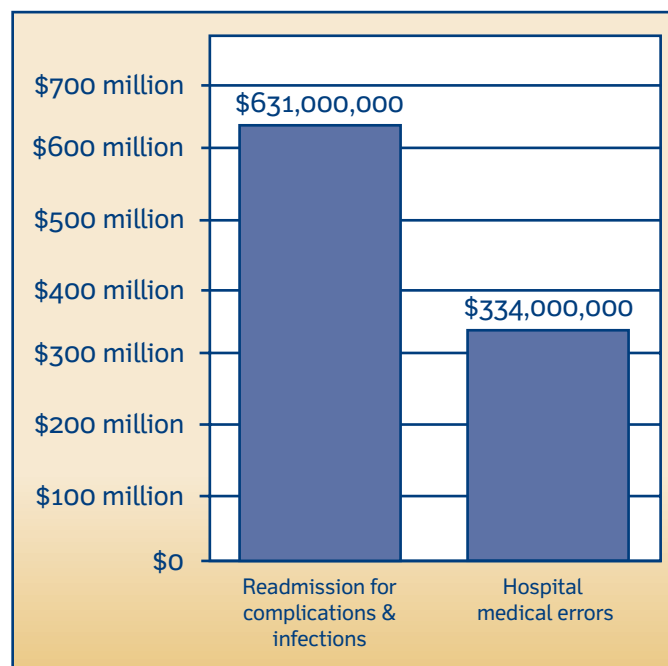
- The Administration will require hospitals to implement proven, effective infection control procedures and systems to prevent virtually all HAIs. The initial priority will be the elimination of MRSA and other infections, including surgical site infections, ventilator-associated pneumonia and central-line bloodstream infections that cause loss of life or disability and that are most costly.
- To eliminate MRSA, the Department of Health will require hospitals to implement the relatively simple and inexpensive infection control procedures that have been successfully used in the pilot units at the University of Pittsburgh Medical Center and the Veteran's Hospital in Allegheny County.
- To remove the subjectivity of HAI reporting, the Administration will require hospitals to use a uniform electronic surveillance system to report HAIs to PHC4.
- The Administration will request that the Patient Safety Authority (PSA) fund regional best practice training on the avoidance of HAIs for hospitals.
- The Administration will determine how best to eliminate the perverse incentives of paying hospitals the additional costs incurred due to HAIs in state-funded programs.
- The Commonwealth, partnering with insurers, hospital administrators, health care providers, employers and other purchasers, will determine how best to re-structure hospital payments to support and incent the reduction of HAIs and their elimination.
- The Administration has submitted proposed legislation to the General Assembly to require nursing facilities to report health care related infections that develop in their facilities to PHC4.

**PENNSYLVANIANS CAN BE ASSURED THAT STATEWIDE OVERSIGHT
WILL KEEP PATIENT SAFETY AND QUALITY OUTCOMES AS THE
PRIMARY GOALS OF PENNSYLVANIA'S HEALTH CARE SYSTEM**

State of the State

- According to the Institute of Medicine, as many as 98,000 people die in hospitals each year as a result of medical errors that could have been prevented. ¹⁰¹
- If medical errors were recognized as a cause of death by the Centers for Disease Control and Prevention, medical errors would rank as the sixth leading cause of death in the United States, outranking deaths due to diabetes, influenza, pneumonia, Alzheimer's disease, and kidney disease. ¹⁰²
- The Institute for Healthcare Improvement estimates that between 40 and 50 incidents of harm occur for every 100 hospital admissions, meaning that 40% to 50% of all patients admitted will experience some harm. ¹⁰³ The most common incidents of harm involve medication errors.
- In 2005, 96% of the nearly 170,000 reports to the Pennsylvania Patient Safety Authority (PSA) were related to unsafe conditions or events that could have but did not harm patients; 7,500 events actually harmed patients and 450 patients died. These reports do not include conditions occurring at nursing homes. ¹⁰⁴
- In 2005, in Pennsylvania, there were 14,202 readmissions due to complications or infection, resulting in \$631 million in hospital charges. ¹⁰⁵

2005 Avoidable Hospital Charges



- In 2005, Pennsylvania hospitals reported 6,491 medical errors primarily involving accidental cuts or punctures, resulting in additional hospital charges of \$334 million. ¹⁰⁶
- The health care system in the United States has been slow to adopt system-wide approaches to preventing errors in the care and treatment of patients.
- Computerized physician order entry systems and medication bar coding are proven ways to eliminate medication errors, yet fewer than 10% of Pennsylvania's hospitals have adopted such systems. ¹⁰⁷
- Electronic health records are known to reduce errors by making patient information more complete and available to health care providers in a more timely manner, so quicker and more accurate decisions can be made. ¹⁰⁸
- A study of hospitals nationwide found that most patient safety events were attributable to failure to diagnose or to timely treat a complication and that appropriate staff to patient ratios is a proven way to reduce these errors. ¹⁰⁹ The use of rapid response medical teams has been found to reduce the risk of cardiac arrest, deaths and hospital days after cardiac arrest by 65%, 56% and 88% respectively. ¹¹⁰
- Accurate and complete reporting of patient safety errors is compromised because health care providers are reluctant to report errors for fear of disciplinary action, licensure action, law suits or other repercussions. ¹¹¹

Prescription for Pennsylvania

- The Administration will require health care facilities to focus on patient safety, quality and patient-centered care.
- This will include:
 - requiring the adoption and implementation of system-wide quality management and error reduction systems;
 - requiring hospital boards, patient safety committees, administration and management to undergo patient safety training;
 - requiring facilities to adopt and implement standard, evidence-based protocols and safe practices to reduce hospital-acquired infections, medical errors and adverse events;
 - requiring facilities to report on trends in major patient safety/quality key performance indicators;

- requiring phased implementation of interoperable e-prescribing systems, electronic records systems, computerized physician order entry and medication bar coding in all health care facilities; and
 - requiring nursing homes to pay a per bed assessment for the PSA to analyze data reported by them to the Department of Health and recommend best practices to improve patient safety.
- The Administration will request that the PSA take the lead in educating facility boards, officers and directors about the importance of patient safety to quality outcomes and reducing costs. Patient safety training will be integrated into clinical education and licensing requirements of health care providers.
 - The Department of Health will partner with stakeholders to create a safer culture for reporting errors and an environment that permits correction and learning from adverse events.
 - By Executive Order, the Governor will establish a Health Technology Commission to complete the following by December 31, 2007:
 - establish standards and specifications for personal health records and electronic medical records that ensure necessary interoperability;
 - define components and terminology; and
 - recommend financial and financing incentives for health care providers to purchase these systems.
 - By September 2008, each acute care facility will, as a condition of licensure, submit a plan, approved by the Department of Health, that sets forth how it will meet the standards and specifications established by the Health Technology Commission, by either adapting existing technology or installing new technology.
 - By September 2009, the Department of Health will require as a condition of licensure that all acute care facilities will have installed an electronic medical records system compatible with recognized interoperability standards and specifications established by the Health Technology Commission.
 - The Administration has submitted proposed legislation to the General Assembly to require all health care facilities to provide their employees with prescriptive authority easy and timely access to an e-prescribing system that will permit them to write prescriptions electronically and check for potentially harmful drug interactions.
 - The Administration has submitted proposed legislation to the General Assembly to require the State Board of Medicine to determine the date after which it will require every physician, as a condition of licensure, to use an e-prescribing system to write prescriptions electronically and check for potentially harmful drug interactions.

- The Administration will advocate for medical malpractice insurance discounts to be granted to health care providers that adopt and use interoperable electronic medical record systems.
- The Department of Health, in determining whether health maintenance organizations (HMOs) are providing quality care, will annually review outcome measures on the following:
 - percentage of patients receiving all evidenced-based recommended primary and preventative care;
 - percentage of patients with chronic diseases receiving evidenced-based care and services for that chronic conditions; and
 - number of plan enrollees who contracted a hospital-acquired infection.

PENNSYLVANIANS WILL BENEFIT FROM A HEALTH CARE PROVIDER “PAY FOR PERFORMANCE” COMPENSATION MODEL

State of the State

- “Pay for Performance” means offering incentives to health care providers who deliver higher quality care as measured by selected evidence-based standards and procedures, and not paying for medical errors and poor quality care. ¹¹²
- Pennsylvania’s health care payment system does little to ensure that high quality, evidence-based health care is delivered in every situation. Health care providers are paid for both high quality health care and medical errors, as well as the under-use and overuse of care. ¹¹³
- Overuse of care is as much of a problem as under-use of care. For example, in 2004, the overuse of hospital services cost the Commonwealth \$47 million in Pennsylvania’s Medicaid program.
- The payment methodologies of Pennsylvania payers have a number of perverse incentives.
 - Under Fee-for-Service, the more doctor visits reported, the more doctors earn.
 - Hospitals are paid for treating hospital-acquired infections (HAIs), which are avoidable.
 - Health care providers are paid for “Never Events” (operating on the wrong limb, the wrong patient, leaving foreign objects in a patient after surgery, etc.) and then are paid to remediate the situation.
 - Health care providers who provide excellent, efficient, evidence-based care may receive less compensation than those who provide excessive and potentially harmful care.
- Acquisition of expensive equipment and technology, coupled with physicians’ perceptions that they need to practice defensive medicine, drive overuse of procedures and services across Pennsylvania’s health care system. ¹¹⁴
- Health care providers need an accurate source of current data about the comparative effectiveness, safety and costs of prescription drugs. This information can be time consuming to assemble from the research literature, and the promotional materials that drug companies produce often present a one-sided view.
- The Independent Drug Information Service is a Commonwealth-sponsored program that provides physicians with an evidence-based, non-commercial source of the latest findings about the drugs that they prescribe.

Prescription for Pennsylvania

- The Governor, as CEO of the Commonwealth, will convene a panel of other large public and private health care purchasers, health care insurers and health care providers to set quality standards and determine how to drive, measure and incent contracted health care providers in a Pay for Performance statewide initiative.
- The Pay for Performance initiative will be based on proven evidence-based standards for delivering quality care, and will reward providers who successfully implement quality improvement strategies, reduce hospital-acquired infections and effectively manage chronic conditions.
- The Administration will implement this Pay for Performance initiative in one or more state-funded programs. For example:
 - those health care providers who meet or exceed the standards and quality and efficiency measures will be identified as “Preferred Providers” and will receive preferred compensation for services provided to patients; and
 - patients who use Preferred Providers will have a lower co-payment and cost sharing.
- For all state-funded programs, the Administration will cease paying health care providers for “Never Events”, while ensuring no care is denied or charges accrued to the wronged patient.
- The Governor will request that the Pennsylvania Employees Benefit Trust Fund (PEBTF) Board of Trustees join the Administration in ceasing to pay health care providers for “Never Events”, while ensuring no care is denied or charges accrued to the wronged patient.
- For state-funded programs, the Administration will require all health care providers to participate in the Independent Drug Information Service program.
- The Governor will request that the Pennsylvania Employees Benefit Trust Fund (PEBTF) Board of Trustees join the Administration in requiring all health care providers to participate in the Independent Drug Information Service program.

PENNSYLVANIANS WITH CHRONIC DISEASES WILL HAVE ACCESS TO EVIDENCE-BASED TREATMENT DELIVERED THROUGH A BEST PRACTICE CHRONIC CARE MODEL

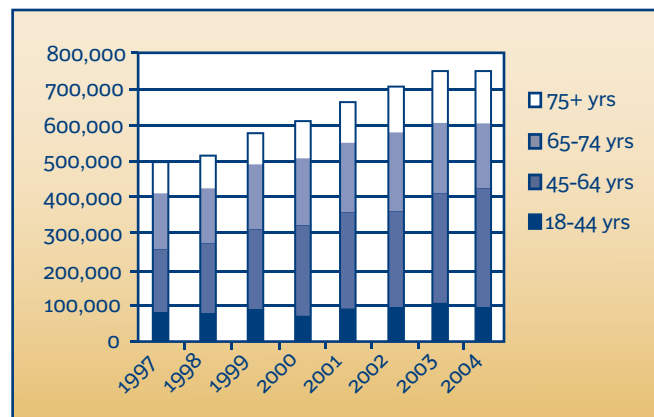
State of the State

- Much of health care in the United States is directed to acute medical care and curing disease. Chronic care is the treatment and care given to individuals whose health problems are continuing and long-term, such as chronic heart disease, diabetes and asthma. ¹¹⁵
- Our current health care system is reactive by providing hospital care when symptoms occur or when the chronic disease threatens lives. ¹¹⁶
- Chronic diseases are the biggest threat to the health of Pennsylvania's residents. ¹¹⁷

2004 PA Deaths from Chronic Conditions

Disease	2004 Resident Deaths
Heart Disease	36,063
Hypertension	631
Stroke	7,731
Chronic Lower Respiratory Disease	5,952
Diabetes	3,562
Asthma	148
Total	54,087

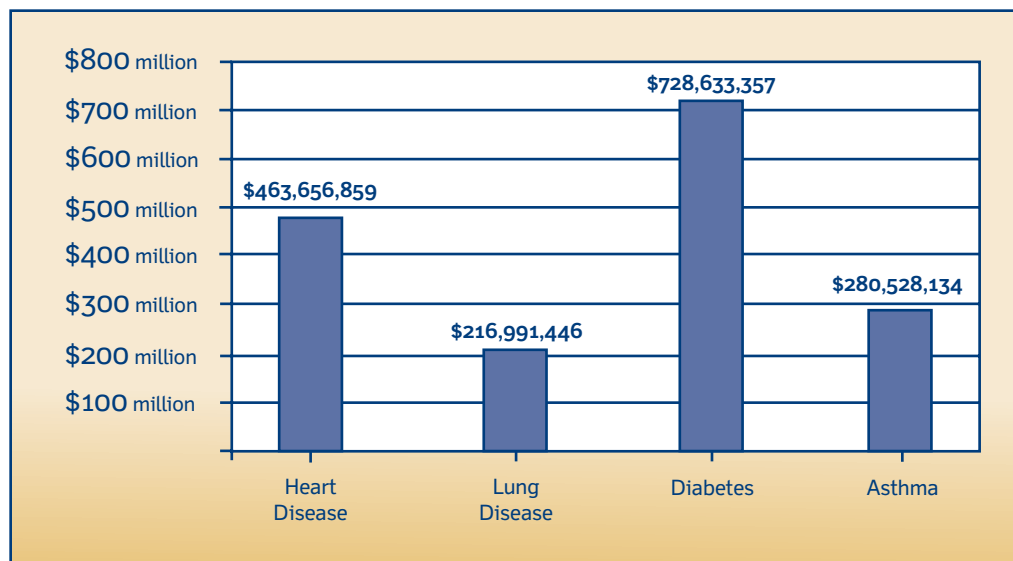
Adults in PA Diagnosed with Diabetes 1997–2004



- 78% of all health care costs can be traced to 20% of patients who have chronic diseases. ¹¹⁸
- Patients with chronic diseases need predictable evidenced-based care. Yet, they receive only 56% of recommended care. ¹¹⁹
- Pennsylvania has some of the highest rates of any state for avoidable hospitalizations for those with chronic conditions.
 - The top 10% of states have 244 per 100,000 hospital admissions for chronic heart disease for which no procedure is done. Pennsylvania's admission rates are 612 per 100,000 or 15,000 hospital admissions with charges of \$423 million per year.

- The top 10% of states have 5.8 per 1,000 hospital admissions for diabetes. Pennsylvania's admission rates are 24.4 per 1,000 or 14,000 hospital admissions with charges of \$477 million per year.
- Pennsylvania has admission rates for asthma that are three times that of the best states or 19,490 hospital admissions with charges of \$279 million per year.

PA Hospital Charges for Potentially Avoidable Hospitalizations for Chronic Diseases in 2005



- Our current health care system does not adequately reimburse health care providers for managing patients with chronic diseases. ¹²⁰

Prescription for Pennsylvania

- Pennsylvania cannot reduce the devastating human burden of these chronic diseases and the resulting enormous health care costs without aggressively addressing the prevention, detection and treatment of chronic diseases.
- There is a “Chronic Care Model” that is nationally recognized and is used by the Veteran’s Administration, federally qualified health centers and other health care systems, such as the University of Pittsburgh Medical Center.
- Evaluations have demonstrated that the Chronic Care Model results in healthier patients, more satisfied providers, cost savings and can be applied to a variety of chronic diseases in varied health care settings.

- The Chronic Care Model requires a redesign of health care delivery so that patients, who are supported by a health care team, play an active role in their care, and there is an infrastructure to ensure compliance with established practice guidelines.
- The Chronic Care Model must include:
 - providing patients with chronic conditions support and information so they can effectively manage their health;
 - ensuring that treatment decisions by health care providers are based on evidence-based medicine;
 - ensuring that patients get the care they need by clarifying roles and tasks of health care providers and ensuring that all who take care of patients have centralized, up-to-date information about the patient and that follow-up care is provided as a standard procedure;
 - tracking clinical information of individual patients and a population of patients to help guide the course of treatment, anticipate problems and track problems;
 - engaging the entire organization in the chronic care improvement effort; and
 - forming powerful alliances and partnerships with state, local, business, religious and other organizations to support or expand care for those with chronic disease.
- The Administration will expand the collaborative effort already begun with insurers, health care providers and academic medical center representatives on how best to implement the Chronic Care Model throughout Pennsylvania.
- The Administration's plan for chronic care will include:
 - creating regional community learning collaboratives regarding implementation of the Chronic Care Model;
 - providing practices with necessary data, including public domain registry software and training, and working with insurers to provide download of claims data for patient registries;
 - exploring the use of lay coaching programs to work with persons with chronic diseases and to engage consumers; and
 - working with insurers to develop a new reimbursement model which supports and rewards the implementation of the Chronic Care Model by health care provider teams.

- The Governor will request that the Pennsylvania Employees Benefit Trust Fund (PEBTF) Board of Trustees join the Administration in structuring reimbursement to encourage and support the use of the Chronic Care Model and the use of proven, evidence-based chronic care, by July 1, 2008.
- For state-funded health programs, including Medicaid, CHIP, Cover All Kids and Cover All Pennsylvanians, the Administration will structure reimbursement to encourage and support the use of the Chronic Care Model and the use of proven, evidence-based chronic care, by July 1, 2008.

PENNSYLVANIANS WILL RECEIVE QUALITY HEALTH CARE WITHOUT REGARD TO THEIR GENDER, RACE, ETHNICITY, AGE, DISABILITY, MENTAL STATUS OR LANGUAGE COMPETENCY

State of the State

- According to a recent Institute of Medicine report, racial and ethnic minorities tend to receive lower-quality health care than whites, even when insurance status, income, age and severity of conditions are comparable. ¹²¹
 - Minorities are less likely to be given appropriate cardiac medications or to undergo bypass surgery.
 - Minorities are less likely to receive kidney dialysis or transplants.
 - There are significant racial differences in who receives appropriate cancer diagnostic tests and treatments.
 - Minorities are less likely to receive the most sophisticated treatments for HIV infection, which could forestall the onset of AIDS.
 - Minorities are more likely to receive certain less-desirable procedures, such as lower limb amputations for diabetes and other conditions.
- Pennsylvania's minority populations have grown significantly between 1990 and 2004. During this time:
 - the Hispanic population grew twofold;
 - the Asian/Pacific Islander population grew 77%; and
 - the African American population grew 19%. ¹²²
- Over 16% of Pennsylvanians over the age of 5 (almost 2 million people) are disabled. Over 43% of adults over 65 years of age are disabled, most with a physical disability. ¹²³
- 9.1% of Pennsylvanians over the age of 5 (about 1 million people) speak a language at home other than English. Almost 40% of those individuals have significant difficulty with English. ¹²⁴
- Half of all adults have difficulty understanding and acting upon health information. ¹²⁵
- There is an under-representation of ethnic, racial and linguistic minorities among the health care providers in Pennsylvania. ¹²⁶

Prescription for Pennsylvania

- The Department of Health will require all acute care facilities to:
 - critically review their evidence-based care protocols and models to determine whether they are optimally designed to eliminate disparities in care and treatment with respect to race, ethnicity, gender, age, disability, mental status and language comprehension; and
 - annually report their findings and a continuous improvement plan to the Department of Health.
- The Department of Health will work with hospitals and other health care provider organizations to determine how best to use assessment tools for health care providers to improve cultural competency and decrease health disparities.
- The health facility regulations will require hospitals to have real-time access to certified professional translation services for patients with low English proficiency and those who are deaf or have other communications needs.
- In areas of Pennsylvania where there is a significant number of people who speak a language other than English, all state agencies providing health information will seek to provide that information in that language as well as English. All state agencies providing health information will provide access to real time translation services for other languages.
- The Office of Health Equity and the newly created Governor's Cabinet for People with Disabilities will advise the Governor's Office on programs to accelerate the elimination of disparities in the delivery of health care in Pennsylvania.

PENNSYLVANIA CHILDREN IN PUBLICLY-FUNDED SCHOOLS WILL BE TAUGHT HEALTHY LIVING SKILLS AND RECEIVE SUPPORT FOR HEALTHY LIVING PRACTICES

State of the State

- Despite clear evidence that eating breakfast contributes to higher achievement, Pennsylvania ranks 42nd among the 50 states for the percentage of low-income children who receive school breakfast. The Commonwealth could receive significant additional federal funds if schools offered breakfast at the same rate as the nation's best-performing states. ¹²⁸
- In Pennsylvania, one in three children is overweight or at risk of becoming overweight. ¹²⁹
- The percentage of overweight youth in Pennsylvania (18%) exceeds the national average (15.4%). ¹³⁰ Adolescents who are overweight have a 70% chance of becoming overweight or obese adults. ¹³¹
- Children who are overweight, inactive and do not adopt healthy eating habits are at an increased risk of developing high blood pressure, heart disease, stroke, type 2 diabetes, lung disease, liver disease, gallbladder disease, asthma, osteoarthritis and some types of cancers as adults. ¹³²
- The economic burden of providing health care to overweight children and adolescents has increased threefold over the past 20 years. ¹³³
- In Pennsylvania, 29.4% of high school students and 13.8% of middle school students smoke. ¹³⁴ Teenagers who smoke are three times more likely than nonsmokers to use alcohol, eight times more likely to use marijuana, and 22 times more likely to use cocaine. ¹³⁵
- Approximately 38,000 Pennsylvania households have children with special behavioral health needs. ¹³⁶ Despite the fact that nearly two-thirds of these families have some kind of private insurance, health insurance companies are not required to cover critical behavioral therapy services. ¹³⁷ This gap in coverage means that many children with autism spectrum disorders, serious mental illness and other treatable behavioral conditions do not receive the health care services they need through their private health insurance coverage.

Prescription for Pennsylvania

- The Administration has submitted proposed legislation to the General Assembly requiring that schools offer breakfast if at least 20% of its students are eligible for free and reduced-price lunches. This change will bring Pennsylvania in line with the majority of states without presenting an unfunded mandate to school districts.

- The Department of Education will increase the state reimbursement for school breakfast and lunch for school districts that adopt healthy nutritional standards, including for food sold in vending machines.
- The Department of Education and Department of Health will work to implement a recommended comprehensive, planned pre-K to 12 curriculum that addresses the physical, mental, emotional and social dimensions of health and is designed to motivate and help students to maintain and improve their health, prevent disease and reduce behaviors that pose health risks.
- The Department of Education will provide professional development to elementary school teachers on how to incorporate health education, including the health risks associated with smoking, into reading and writing assignments so that students learn critical health information while improving their reading and writing skills.
- To assure that children with special behavioral health needs have access to proven treatments, the Administration has submitted proposed legislation to the General Assembly to prohibit health insurance companies from excluding minor children with behavioral health conditions from coverage or excluding behavioral therapy services for minor children from covered services.
- The Administration will request that the Pennsylvania Employee Benefit Trust Fund (PEBTF) eliminate the autism exemption from their covered benefits, and will seek to ensure that appropriate behavioral therapy services are offered under CHIP and other state-funded health care programs.

PENNSYLVANIANS AND PENNSYLVANIA BUSINESSES WILL ASSUME
ACCOUNTABILITY FOR HELPING TO CREATE A PENNSYLVANIA WHERE
WELLNESS, PREVENTIVE CARE, AND ACCESSIBLE, AFFORDABLE,
QUALITY HEALTH CARE IS THE SHARED AND COMMON GOAL

State of the State

- Adults who smoke, are overweight or inactive are at an increased risk of developing high blood pressure, type 2 diabetes, heart disease and some types of cancer. ¹³⁸
 - 61% of Pennsylvania's adults are overweight or obese. ¹³⁹
 - 23% of Pennsylvania's adults smoke. ¹⁴⁰
 - According to a Department of Health survey, 24% of Pennsylvania adults have not engaged in any leisure time physical activity in the last month. ¹⁴¹
- Adults who smoke, are overweight or inactive present an economic burden to all health care payers in the state.
 - In 2004, the health costs related to tobacco use in Pennsylvania were \$5.19 billion. ¹⁴²
 - In 2004, \$4.1 billion of medical expenditures in Pennsylvania were attributable to adult obesity. ¹⁴³
 - 8% of private insurance medical spending is attributable to overweight and obesity. ¹⁴⁴
- For every dollar invested in worksite health promotion programs, a business or organization may realize a savings of \$3.50 through reduced absenteeism and health care costs. ¹⁴⁵
- In Pennsylvania, between 16% and 30% of the deaths resulting from heart disease could be prevented and 35% of deaths as a result of cancer could be prevented. ¹⁴⁶

Prescription for Pennsylvania

- All Pennsylvanians should be supported and accountable for healthy living practices.
 - The Administration has submitted proposed legislation to the General Assembly to make all Pennsylvania workplaces, restaurants and bars smoke free.
 - For state-funded programs, the Governor will request that the Pennsylvania Employees Benefit Trust Fund (PEBTF) Board of Trustees join the Department of Health, Department of Public Welfare and Insurance Department in expanding wellness incentives for those who meet certain goals, such as weight loss objectives, keeping health care appointments, exercising and other healthy practices. For example, state employees currently receive health insurance premium discounts for participation in wellness and disease management programs.
 - For state-funded programs, those who use tobacco products will be given the opportunity to participate in cessation programs. Those who continue to smoke will be charged higher premiums, when possible, to reflect the higher cost of health care as a result of tobacco use.
 - The Department of Health will provide information and technical assistance for the development and expansion of worksite wellness programs for employers in the Commonwealth.

**PENNSYLVANIANS NEEDING ASSISTANCE WITH ACTIVITIES OF DAILY LIVING
WILL BE ABLE TO CHOOSE WHERE THEY RECEIVE LONG-TERM LIVING SERVICES,
ENSURING HIGH QUALITY CARE IN THE MOST CLINICALLY APPROPRIATE,
MOST COST-EFFECTIVE ENVIRONMENT**

State of the State

- Pennsylvania has the third-highest elderly population. One in five Pennsylvanians is over the age of 60. Those 85 years of age or older are the fastest growing segment of the population. ¹⁴⁷
- 165,000 Pennsylvania adults under 65 have disabilities that require assistance with activities of daily living and they want to receive those services in their communities. ¹⁴⁸
- Nearly half of all persons 85 years and older may have Alzheimer's disease. Pennsylvanians with Alzheimer's disease and their families face additional challenges to accessing resources and services to meet their unique long-term living needs. ¹⁴⁹
- The long-term living system is complex and confusing. Access to services, especially for those in crisis, can be overwhelming. As a result, many individuals who may have been good candidates for and preferred to receive services in their own homes are left with no alternative but to enter a nursing home. These admissions frequently turn into long-term stays financed by public dollars.
- Pennsylvania has the fourth highest per capita spending for publicly-funded long-term care because of our high reliance on nursing facility care. Pennsylvania has the second highest per capita spending for publicly-funded nursing facility long-term care. ¹⁵⁰ Pennsylvanians want to remain at home as long as possible. ¹⁵¹
- The Commonwealth can serve two older persons at home for the cost of serving one person in a nursing facility. ¹⁵²
- More than 75% of Pennsylvanians do not know the cost of long-term living services and, therefore, are unable to adequately plan for their future. ¹⁵³
- In 2004, less than 3% of Pennsylvanians over the age of 18 had long-term care insurance policies. Without insurance, the high cost of long-term living services can quickly deplete a family's resources, and they must rely on the publicly-funded system to pay for their care. ¹⁵⁴
- Pennsylvania is one of only a few states that does not license assisted living residences. Assisted living is a less costly alternative to nursing home care for individuals who need the availability of 24-hour support. Assisted living is an important option for individuals who need this level of care and it is a key component of a balanced long-term living system. ¹⁵⁵

- Fragmentation in the management of the long-term living system has impeded Pennsylvania's progress in rebalancing the system and has contributed significantly to the fiscal and operational challenges facing the Commonwealth.
- If Pennsylvania does not implement aggressive long-term living system reforms, it is projected that by 2011 the cost to taxpayers will grow by 25%, an increase of \$445 million over current spending.¹⁵⁶

Prescription for Pennsylvania

- The Administration has developed a plan to provide high quality long-term living services in Pennsylvania. The plan is based on three key principles.
 - Consumers should have a choice of where they receive their care and support services. These services should meet the highest quality standards and be provided in the most cost-effective environment.
 - State and federal funds should be prudently managed and leveraged, and individual assets should be optimized to ensure that the Commonwealth is able to meet the future needs of Pennsylvania's aging population and people with disabilities.
 - The long-term living system should be balanced so that both institutional and home and community-based services are accessible and available. The goal of achieving a balance of 50% institutional care to 50% home and community-based care will serve as a guide to the Administration in determining priorities, policies and practices.
- The Administration will increase opportunities for Pennsylvanians with disabilities and older Pennsylvanians to receive long-term living services in home and community-based settings by:
 - increasing the number of people using home and community-based services;
 - continuing to help people transition from nursing facilities back to their homes and communities;
 - reforming home modification policies and procedures to help individuals remain in or return to their homes and communities;
 - adding assisted living and other residential options to the array of services; and
 - introducing legislation requiring the licensure of assisted living facilities.

- The Administration will help Pennsylvanians meet their long-term living needs by:
 - implementing a comprehensive public information and education campaign; and
 - implementing a Long-term Care Partnership Program that will promote the purchase of long-term care insurance and help Pennsylvania families conserve their resources should they need long-term care.
- The Administration will make access to the long-term living system simple, seamless and efficient by:
 - creating accessible one-stop shopping for information on long-term living planning, insurance and application for services; and
 - implementing a clear, equitable and efficient eligibility determination process that ensures that adequate resources are available for consumers who need and are eligible for publicly-funded services.
- The Administration will ensure quality at all levels in the continuum of long-term living services. This will be accomplished by establishing a comprehensive, centralized quality management system that will assure the health and safety of consumers.
- The Administration will convene an expert panel to determine how best to support and serve Pennsylvanians with Alzheimer's disease and their families.
- The Administration will ensure that public resources are optimized in the system reform effort by:
 - developing a payment structure that aligns financial incentives with rebalancing goals;
 - aligning the institutional segment of the continuum with future demand for long-term living services; and
 - investing in affordable, accessible housing to expand options for home and community-based care.

PENNSYLVANIANS WILL RECEIVE DIGNIFIED AND RESPECTFUL PAIN FREE CARE AND WILL BE ASSURED THAT THEIR END-OF-LIFE MEDICAL CARE DECISIONS WILL BE SUPPORTED AND HONORED

State of the State

- Despite the fact that nine out of 10 people want to die at home, 49% of deaths in Pennsylvania occur in the hospital, 27.7% occur in nursing homes and only 23% occur at home. Most Pennsylvanians do not have a living will or other document to set forth their preferences for whether or not they wish to have “heroic” efforts made to keep them alive or receive certain types of medical care at the end of life. ¹⁵⁷
- Less than 22% of Pennsylvania hospitals report having hospice programs and only 30% report having palliative care programs, which provide comfort, support and pain relief for those approaching the end of life. Only 21% of Pennsylvania’s elderly use hospice services in the last year of life. ¹⁵⁸
- While new drug therapies offer great potential for relieving pain, particularly chronic pain, 40% of nursing home residents in Pennsylvania are reported to be in persistent pain. ¹⁵⁹
- Less than 1% of health care providers are certified in palliative care for those approaching the end of life, and 48% of graduating physicians feel they are not prepared to discuss end of life issues with patients. ¹⁶⁰
- Despite the desire of most Pennsylvanians to die at home and not receive “heroic” care in an intensive care unit (ICU), 18% of those over 65 who die in a hospital either die in an ICU or are admitted to the ICU during the hospitalization in which death occurs. ¹⁶¹
- The cost of care in the last six months of life in Pennsylvania varies dramatically from hospital to hospital, ranging from \$59,314 per Medicare patient in one Philadelphia hospital to only \$6,834 per Medicare patient in North Central Pennsylvania. ¹⁶²
- Act 169 of 2006, which the Governor signed into law in December 2006, permits all Pennsylvanians, even those without any written document, to have their preferences honored and respected with respect to whether or not they wish to have “heroic” efforts made to keep them alive or receive certain types of medical care at the end of life. ¹⁶³

Prescription for Pennsylvania

- In accordance with Act 169 of 2006, the Governor will appoint a task force to review whether Pennsylvania should adopt a form that would permit those near the end of life to have a physician order that reflects their wishes for care, which is regularly reviewed, portable and can travel with them from one facility such as from a nursing home to a hospital.

- The revised health facility regulations will provide that all licensed hospitals, nursing homes, hospices and home health care agencies shall have access to and use palliative care specialists as a condition of licensure. The Department of Public Welfare will condition graduate medical education payments to teaching hospitals on a requirement that residents receive training on how to address end-of-life issues and the importance of having such discussions with patients.
- Medical schools and residency programs receiving state funds will provide direct training in chronic care management and palliative care.
- The Insurance Department will evaluate the potential impact of requiring insurance coverage for hospice and palliative care services as a mandated benefit, including children.
- The Department of Health and Department of Public Welfare will encourage the development of hospice services and residential hospice units specifically for children through licensure and reimbursement.
- State-funded programs will pay health care providers to counsel people on end-of-life care.



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