



Healthcare Deserts

PA Joint Democratic Policy Committee Hearing
Lackawanna College (501 Vine Street, Scranton, PA 18510)
May 14, 2024, 10:00 AM

Opening Remarks (10:00 - 10:10)

- **Representative Bridget Kosierowski**
- **Senator Marty Flynn**
- **Representative Ryan Bizarro**, House Democratic Policy Committee Chair
- **Senator Katie Muth**, Senate Democratic Policy Committee Chair

Testimony (10:10-11:50)

- **Tammy Torres** - President, Lehigh Valley Hospital Hazleton
- **Patrick Keenan** - Director of Policy & Partnerships, Pennsylvania Health Access Network
- **Question & Answer Period**

Closing Remarks (11:50 - 12:00)

- **Representative Bridget Kosierowski**
- **Senator Marty Flynn**
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Statement by Lehigh Valley Health Network

Presented by Tammy Torres, RN, BSN, MSN, DNP
President Lehigh Valley Hospital- Hazleton

Pennsylvania House of Representatives
Health Care Deserts
Democratic Policy Committee
May 14, 2024

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Good afternoon Chairman Bizzarro and members of the Democratic Policy Committee. I appreciate the opportunity to testify about our shared goal to increase access to health care in communities throughout the commonwealth.

My name is Tammy Torres and I am President of Lehigh Valley Hospital (LVH)–Hazleton in Hazleton, Pa. I am responsible for the overall operations of the LVH–Hazleton hospital facilities and collaborate with my leadership colleagues at our other Northwest Region hospitals, LVH–Schuylkill and LVH–Carbon, which are among 14-hospital campuses that make up Lehigh Valley Health Network based in Allentown. LVHN operates 28 health centers; numerous primary and specialty care physician practices; 21 ExpressCARE locations, including two Children's ExpressCAREs throughout eastern and northeastern Pennsylvania, and also provides specialty care for cancer, cardiac, neurosciences, orthopedics and surgery at five institutes. In previous roles at other health care organizations in Pennsylvania and New Jersey, I served as Chief Executive Officer, Chief Operating Officer and Chief Nursing Officer—and I am a registered nurse. For more information about LVHN and our services I invite you to visit LVHN.org.

When assessing a community's access to health care, it's important to look at not just specific types of providers and services but the strength of the entire health care continuum. Reduced access to any essential services along the continuum strains the remaining parts. Multiple stress points put the entire system at risk.

When patients do not have adequate access to primary care or early intervention services for behavioral health, their symptoms can escalate into crises. Hospitals throughout the commonwealth are strained as we see more and more patients presenting with more complex health issues. Especially in communities where access to providers and services is already a challenge, it is becoming increasingly difficult to find appropriate placements for behavioral health or post-acute care, which further strains access to hospital care.

Reimbursements for behavioral health services have long lagged behind other physical health payments. Payment parity is a dream unrealized. As a result, the number of providers choosing behavioral health is less than other specialties and many of the existing providers prefer to only accept private pay in large urban areas. It's extremely hard to recruit providers to behavioral health deserts with inadequate Medicaid payments as the primary source of funding.

It's not unusual for medically complex patients with behavioral health co-morbidities to remain in the hospital for weeks or months after they have been medically cleared for discharge as there are very few facilities willing to accept these patients. When we can't discharge a patient who needs ongoing, long term care or follow up services, not only does the patient suffer, but the cost of healthcare increases for everyone. Without an appropriate disposition out of the hospital, hospitals become an extremely expensive "hotel room" for the very vulnerable populations of patients that can't find access to continuing care. This often includes aggressive and difficult to handle behavioral health or intellectually disabled patients, homeless patients, the patient in need of long term addiction services and the chronic, medically ill aging population. All of these patients are at risk. This will continue to be a problem as the nation struggles with the behavioral health crisis and as state governments get out of providing long term placements for a unique subset of patients who may never be able to live independently. Given the closing of many skilled nursing facilities and units since COVID this problem has only gotten worse.

Another area where access challenges have been particularly visible is maternal health. A 2023 March of Dimes report identified five Pennsylvania counties as maternity care deserts and another 12 as having only moderate access to obstetric care. More than 12 percent of Pennsylvania women—and more than 47 percent of women in rural counties—live more than 30 minutes from a birthing hospital. On average, 180 babies a year are delivered by Pennsylvania EMS teams enroute to the hospital. This is not safe for baby or mother.

Low volume hospitals need to provide coverage with obstetricians, nursing, anesthesia, pediatrics at all times even if they are only doing a few hundred deliveries per year. That's non-reimbursable overhead creating losses. New payment models that potentially pay for the necessary coverage and not just for the episodes of the birth could be helpful.

PA first recognized the OB crisis in 2008 when Governor Rendell initiated Medicaid supplemental payments for OB NICU providers. LVHN has been fortunate to receive these supplemental payments at our Lehigh Valley, Hazleton, Schuylkill and Pocono campuses. Unfortunately, the line item was reduced twice and has not seen an increase in 10 years which clearly doesn't keep up with inflation, let alone the cost of care. This line item brings a federal match making it doubly beneficial. Including a generous increase to this line item in this year's budget would help protect against further closures.

There are many factors contributing to health care deserts and access. One in particular stands out. I will highlight challenges and opportunities related to health care workforce shortages and the sustainability of services throughout the continuum.

Workforce Crisis

While there is a national health care workforce emergency, Pennsylvania faces particular challenges as the commonwealth ages.

Of the commonwealth's 67 counties, 62 have been entirely or partially designated Health Professional Shortage Areas (HPSA) for primary care and 53 are a full or partial HPSA for mental health. Pennsylvania will need an estimated 1,000 or more additional primary care physicians within the next six years. A projection by Mercer found that by 2026, Pennsylvania will have the largest shortfall of registered nurses in the nation (20,345) and the third largest shortfalls of mental health professionals (6,330) and nursing support staff (277,711).

A survey released earlier this year by The Hospital and Healthsystem Association of Pennsylvania (HAP) found that hospitals statewide have reduced turnover for direct-care professionals by 28 percent over the past year by working hard to develop, recruit, and retain health professionals. Nearly every hospital is increasing base pay, offering flexible work schedules, providing tuition reimbursement and professional development, and partnering with educators to grow the pipeline into health careers.

The Lehigh Valley Health Network Joseph F. McCloskey School of Nursing in Pottsville has worked to more than double enrollment and add an alternative evening and weekend program to accommodate more students and second career adults interested in pursuing a career in nursing. The school is growing from the Class of 2024 graduating class of 20 to 100 students

enrolled in a freshman class which will graduate in 2027. Over \$6 million was invested for a larger location, and more will be needed to continue expansion. Funding infrastructure, faculty, preceptors, and minimizing student debt are goals of the school which could be enhanced through statewide investments. To facilitate the expense of higher education, and ensure local retention of students, LVHN waived the tuition costs for students who agreed to employment at a local LVHN facility.

The Healthcare Academy team was created to bring healthcare career pathway programs into school district curriculums, offering exposure to possible healthcare professions before college decisions are made. LVHN has programs in the following rural school districts: Bangor, Lehigh, and Wallenpaupack, and an Emerging Health Professionals program out of Schuylkill Training and Technology Center. Additionally, we have partnered with the local Area Health Education Center (AHEC) to educate guidance counselors and STEM teachers on careers in healthcare.

In the Hazleton area specifically, LVHN co-branded with Partners in Education to create an app for the exploration into healthcare careers

Despite these efforts, HAP's survey found that statewide average vacancy rates remain in the double digits for most direct care positions. We need additional public policies and investments to build upon this work and develop the workforce needed to meet a growing need for care throughout the continuum. This includes:

- Increasing programs, faculty, and clinical space to educate health care professionals and incentivizing current professionals to serve as preceptors.
- Providing support for Pennsylvania students to become health care professionals and incentives for graduates to remain in the state.
- Removing unnecessary barriers between providers and patients.
- Increasing visas for international health professionals.
- Bolstering the behavioral health workforce.

The medical liability climate in Pennsylvania compounds workforce and access challenges by discouraging providers from moving into and staying in the commonwealth. This is made even worse by a recent Pennsylvania Supreme Court rule change allowing medical liability claims from anywhere in the commonwealth to be moved to places like Philadelphia and Allegheny counties, which have documented histories of higher payouts. This change is already starting to increase medical liability costs and affect Pennsylvania's access to providers, especially in high-risk specialties, like maternal and infant health.

Sustainability of Hospitals and the Continuum

Hospitals and other providers face significant challenges to our long-term sustainability as the cost of providing care outpaces payments. The most recent data from the Pennsylvania Health Care Cost Containment Council shows that 39 percent of the commonwealth's general acute care hospitals are operating in the red and another 13 percent have operating margins below 4 percent, which is unsustainable in the long term. Over the past decade, 28 Pennsylvania hospitals have closed and many others have had to reduce service lines.

The cost of providing care is increasing dramatically. A report this month from the American Hospital Association found that hospital expenses continued to increase during 2023 due to inflation, workforce shortages, and supply chain disruptions. That includes a \$42.5 billion increase in labor costs nationally since 2021, a \$6.6 billion increase in supply costs over 2022, and 15.2% average increase in drug prices over 2022.

Yet payments from Medicare and Medicaid—which also influence the rates we are able to negotiate with commercial insurers—pay below the cost of delivering care. Even before recent inflation, Medicare and Medicaid paid just 84 cents and 81 cents, respectively, per dollar it costs to deliver care in Pennsylvania hospitals. This shortfall is a significant challenge for all hospitals; but the burden is often greatest on urban safety net and rural hospitals, which serve communities where health care access is already strained.

Updating reimbursement rates for providers throughout the continuum to better reflect the cost of delivering care will help improve the long-term sustainability of health care services that our communities need. The recent announcement of Walmart not being able to make their healthcare work further emphasizes that low reimbursements are not a sustainable business model.

It's not enough to have services available in a community. To ensure adequate access, patients must also be able to connect with providers and move between the services they need. Public policies that can help address barriers between patients and providers include:

- Ensuring access to health insurance and that insurers are accountable for maintaining adequate networks.
- Bolster telehealth services by ensuring that payment cannot be denied because care was provided via telehealth and improving broadband connectivity in rural and urban areas.
- Increasing investment in EMS providers to bolster patient transportation to and from appointments and between care settings.

Thank you for the opportunity to participate in today's hearing. I'm happy to take any questions you may have.

Patient Perspectives on Hospital Closures, Consolidation, and “Healthcare Deserts”

Testimony for a Joint Senate and House Democratic Policy Committee Hearing
May 14, 2024

The Pennsylvania Health Access Network (PHAN) is a statewide organization providing assistance annually to thousands of Pennsylvanians in nearly all of Pennsylvania's 67 counties. We help people navigate problems they encounter enrolling in health coverage, getting care, or resolving issues from care they already received, including medical bills. Through our Helpline and our in-person connections with individuals in local communities, we hear hundreds of stories each year of how healthcare is not working for Pennsylvania families, small business, seniors, and hardworking individuals and young adults. To that end, PHAN also advocates for policies that improve the quality, affordability, and equity of healthcare for all Pennsylvanians.

When hospitals close, local communities struggle. Why are hospitals closing in our state?

Over the past several years, more communities have experienced a hospital closure. Whether a full hospital closure or partial hospital closure with key services eliminated, communities struggle with this impact. Patients not only lose access to hospital-based care, but they often also lose access to diagnostic imaging and tests, and to their trusted doctors, who have to move their practices to new locations. Healthcare jobs, often filled by our neighbors and friends, are lost and our local communities struggle with the economic impacts a closure has.

Closures mean that patients end up traveling longer distances to get care. This additional travel is often complicated by the fact that local providers may be in-network with their current health plan before the closure, but out of network post closure due to needing to get care across county - or even state - lines. Because of all these new challenges related to the closures, patients frequently wait or put off critical, sometimes life-saving care.

While there are many factors and unique situations that lead to a full or partial closure, there is a consistent unifying factor: hospitals that have a full or partial closure almost always have a preceding merger, acquisition, or change in ownership prior to that closure.

- More than 90% of closures are preceded by a merger, acquisition, or change in ownerships. Thirty of the 33 hospital closures we looked at in the past 20 years, and 14 of 15 closures in the past 5 years have been preceded by a merger, acquisition, or change in ownership.
- The pace of hospital closures is increasing with nearly half of the closures in the past 20 years happening in just the last 5 years.

- The time between a merger, acquisition, or change in ownership and a closure has decreased by nearly half: from 7.6 years when you look at the past 2 decades, to just 4.1 years over the past 5 years.

A merger, acquisition, or change in ownership is one of the best predictors that a community will experience a full or partial closure. Many promises are made during these mergers, acquisitions, or changes in ownership and sadly communities often realize too late that those promises are broken as soon as the cameras are off and the attention fades. Our local communities and patients deserve better accountability and transparency whenever their community faces a merger, acquisition, or change in ownership.

Not all mergers, acquisitions, or changes in ownership are bad. We have seen examples in Pennsylvania particularly in the North Central part of the state - Potter, Tioga, and Lycoming Counties - where access to care has been preserved and even enhanced. We have, though, also seen a nearby closure in Lock Haven, Clinton County. While there is no clear, comprehensive data set to examine all of the consolidation-related activity, for the data we have been able to assemble through multiple state and federal data sets, university-based research, and new clippings, it appears that right now in Pennsylvania, **roughly one in three mergers, acquisitions or changes in ownership result in a full or partial closure.** Communities deserve to know how hospital mergers, acquisitions, or changes of ownership might affect them.

What do hospital mergers, acquisitions, or changes in ownership mean for Pennsylvanians? Closures are a huge part of the problem, but it goes much further than that.

The simplest example of an impact is distance. When services were closed at UPMC Bedford and redirected to UPMC Altona, that's nearly an hour up Interstate 99. When Sunbury closed, it is true that Evangelical is just up the road, but it is affiliated with an entirely different health system and this has caused access and coverage issues for patients in that community. UPMC West Shore is an hour and fifteen minutes south.

Even when distance is not a factor, time and capacity certainly are. Closures in Delaware County where other hospitals exist have created bottlenecks for emergency first responders as they navigate congested local roads to go even short distances. Also, local hospitals do not always have the capacity to deal with additional patients. Just because a hospital is there, does not mean the community's needs will be adequately met. And when a hospital completely closes, all the other healthcare providers in that community need to develop new plans as to where to send patients for even basic or routine medical care.

We have heard from other testifiers that in recent years, large health systems have bought up our local hospitals and small regional health systems. The promise has always been that greater efficiency will improve quality and lower costs. In reality, the lack of competition has resulted in few if any gains in patient quality while often leaving communities with higher prices for care.

In Delaware County, where Springfield and Delaware County Memorial have closed, the remaining hospitals in the area often charge more than 3 times what those hospitals were charging for basic services. We hope to be able to explore this in other areas of the state that have experienced closures but especially as the family deductible in Pennsylvania approaches \$3500 for families and \$1800 for individuals in 2022 - and 2 in 5 Americans can't cover an unexpected expense of \$400 - prices really do matter.

Prices are not just an issue in closures. When we compare smaller health systems or independent hospitals to the larger more dominant players in their area we see that prices vary starkly.

Look at Washington Hospital. Its prices are nearly half those charged at AHN Cannonsburg right down the road.

Or look at St. Clair Hospital. A CT scan there might cost \$402 there but if you head through a tunnel and over a bridge to UPMC Mercy, you pay nearly 7 times that price and if you continue down the road to Shadyside, you'll pay nearly 9 times that price.

Lastly, in the Lehigh Valley, an MRI at St. Lukes costs \$650 where as at LVHN it costs \$2,010.

Good data suggests that this price variation and the ability to command higher and higher prices by acquiring local hospitals is one of the key drivers of consolidation. Larger hospitals want to get bigger and bigger so they can command higher and higher prices.

Consolidation has a very real impact on patients. Ultimately, we can show that they simply do not get the care they need. According to a 2023 statewide survey with a representative sample of Pennsylvania conducted by Altarum's Healthcare Value Hub:

- **58% of Pennsylvanians** said they are **worried about the impacts of hospital mergers** on their communities.
- **1 in 8** of all Pennsylvanian adults reported that they or a family member were unable to access their preferred health care because of a merger in the past year. Of those:
 - **Half (52%) skipped follow-up visits**
 - **Nearly half (45%) delayed or avoided a doctor's visit.**
- Of those who reported a merger caused some other kind of burden for themselves or their families, **1 in 3** reported **added wait times** in finding or getting care while **1 in 4** reported **added financial burdens.**

Pennsylvanians want solutions that protect patients from anti-competitive practices and the rise of medical monopolies.

The same 2023 Altarum survey showed that across party lines, 9 in 10 Pennsylvanians want the state government to act.

- 89% say the government should stop hospitals from engaging in anti-competitive practices (87% Republicans, 93% Democrats, 87% Independents)
- 86% say the government should strengthen policies to drive more competition in health care markets to improve choices and access (87% Republicans, 88% Democrats, 83% Independents)
- 84% say the government should empower the Attorney General to stop the sale or purchase of hospitals or doctor practices, or monitor those sales for harmful effects such as reduced access or increased prices (80% Republicans, 89% Democrats, 82% Independents)
- 82% say the government should set limits on healthcare spending growth and penalize payers or providers that fail to curb excessive spending growth (80% Republicans, 85% Democrats, 80% Independents)

Not only are your constituents harmed by a lack of action, but they support you in taking action to improve our healthcare markets, restore competition, and check uncurbed, high and rapidly rising prices.

Thank you for your time and consideration in this matter.

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